

Jon Huntsman, Jr's Plan for Economic Revitalization for Utah

THE PLAN



A
New Day
for Utah...



Jon Huntsman, Jr's Plan for Economic Revitalization for Utah

PREFACE

April 2004

Dear State Delegates and Citizens of Utah:

Nearly eight months ago, Jon Huntsman, Jr. contacted each of us to seek input regarding his economic policy. It was clear to each of us at that time that Jon had already identified economic development as one of the key issues that would shape the future of Utah.

Jon selected our committee members from a diverse group of backgrounds, and industry perspectives that are representative of a broader Utah. Although diverse in our make-up, everyone on the committee shares a passion for Utah and a vision that our state's economy can be (and must become) much more than it is today. The group has met, in some cases weekly, to assist Jon in identifying specific, actionable options to create high-paying jobs and prosperity for Utah's families. With Jon's direction, we have provided input and feedback from various perspectives.

Through this process, we have developed a unified view that economic development is the key to Utah's future. This election is all about job creation. Clean, high-paying jobs will drive the state's economy in the 21st Century. If we want better education, we must be able to pay for it. The only way for Utah to pay for education and other important programs in the future, is to create the environment for a stronger economy. We need a leader who has a clear and bold vision for Utah's future. A vision that is fiscally responsible and long-term oriented. A vision that will allow Utah to pay for the education of our children and grandchildren, and then see them take quality jobs here in our state and close to our homes, rather than seeking opportunity elsewhere.

For these reasons, we believe, as does Jon, that economic development is the key to Utah's future. Moreover, we believe that Jon's plan is a well-thought-out, winning plan for the state of Utah. The 10-point plan provides detail in the following areas:

- 1. Revamp Utah's Tax Structure**
- 2. Improve the Competitive Environment for Small- and Medium-Sized Companies**
- 3. Recruit Businesses to Our State**
- 4. Attract More Capital**
- 5. Promote Growth in Target Industries**
- 6. Enhance Utah's National and International Image**
- 7. Capture Global Opportunities for Utah Companies**
- 8. Promote Tourism**
- 9. Energize Economic Development in Rural Communities**
- 10. Make State Government More Efficient**

Although we are confident this plan offers new insight for the future of Utah, we recognize many of these initiatives have familiar tones. Most importantly, our success will hinge entirely on whether or not these initiatives are implemented in a timely and effective manner. In the end, it all comes down to execution. Utah needs a new kind of leader – one who can set the direction and then deliver on it.

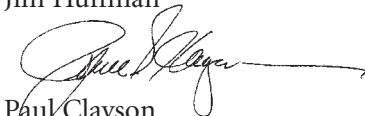
We believe Jon Huntsman, Jr. is uniquely qualified to execute this winning plan and bring high-paying jobs to the State of Utah. Some of the Gubernatorial candidates have government experience, and some have private sector experience, but none have Jon's extensive experience in both the public and private sectors. Furthermore, Jon is the only candidate with substantial international experience. He is the only candidate who can walk into the board rooms of hundreds of Fortune 1,000 companies and make a compelling argument as to why they should bring their businesses to Utah. In short, we believe Jon is the person to represent Utah's interests locally, nationally and internationally. This experience provides the perfect match to take Utah to the "next level" of economic success – success that will ultimately translate into better jobs and a better education for our children and grandchildren.

We invite you to meet with Jon to discuss his plan. We know you will be impressed with his understanding of Utah's issues, and his vision for the future of our great state.

Sincerely,



Jim Huffman



Paul Clayson



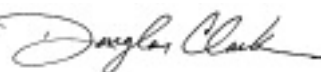
Christopher Roybal



Amy Lewis



David Preece



Douglas Clark



David Bradford



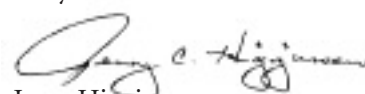
Floyd Cooper



Ed Ekstrom



Gary Goodrich



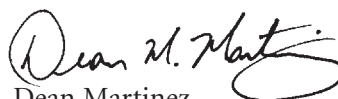
Jerry Higginson



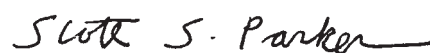
Troy Horton



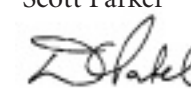
Bill Martin



Dean Martinez



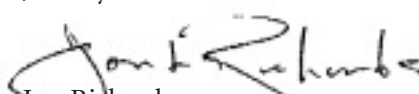
Scott Parker



Dinesh Patel



Joe Reyna



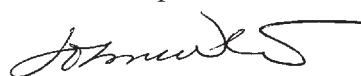
Jon Richards



Jack Sunderlage



Kara Thompson



John West

JON HUNTSMAN, JR'S PLAN FOR ECONOMIC REVITALIZATION FOR UTAH

TEAM BIOGRAPHIES

DAVID R. BRADFORD

David Bradford is a seasoned venture capitalist and business leader with 26 years of operational and legal experience. Today, Mr. Bradford is engaged in consulting, fund-raising and business development efforts for a variety of companies. For example, his involvement in a series of money-raising efforts for Found, Inc. resulted in a total capital infusion of over \$51 Million dollars during a 24-month period. He has also been successful in assisting other companies in raising money including PowerQuest, MyFamily.com, InSpa, ContentWatch, and MedSphere. He was Senior Vice-President & General Counsel of Novell, Inc. for over 14 years.

DOUG CLARK

Doug Clark is a business strategist and serial entrepreneur whose software products have earned numerous awards, including "Strategy Game of the Year" and PC Magazine's "Editor's Choice." Mr. Clark is Founder of NxLight, a Lindon-based e-commerce company providing enforceable, real-time electronic transactions, and recently named as one of the "Top 15 Emerging Elite" companies in Utah.

PAUL S. CLAYSON

Paul Clayson is a Utah business leader with substantial experience in management and operations. Mr. Clayson is a partner at Sequoia Pacific Research Company, and is responsible for operations including finance, sales, marketing, strategy, communications, investors and administration for the development, launch and growth of a technology start-up. Mr. Clayson currently serves as Chair of the Utah Technology Industry Council.

FLOYD COOPER

Floyd Cooper is currently enjoying a well-deserved retirement but remains active in serving Utah through his service in developing a positive economic development plan for the state. Mr. Cooper has been involved with developing strong financial positions for clients, including: Prudential Texas Properties, Inc.; Bonoco Consulting, Inc.; and the cities of Dallas and Houston, Texas

ED EKSTROM

Ed Ekstrom represents vSpring as a board member of LANDesk, a leading desktop management solution provider. LinuxCare, a Linux virtualization software provider; and FatPipe, whose edge-appliances make corporate Internet environment more redundant, reliable and secure. Mr. Ekstrom currently serves as Treasurer for the Economic Development Corporation of Utah and as a board member and trustee for Westminster College.

JERRY HIGGINSON

Jerry Higginson has 34 years experience as a broker on the New York Stock Exchange. Mr. Higginson is active in the Elephant Club. He has worked actively for the GOP for many years, and has served as a board member of the Freedoms Foundation at Valley Forge.

D. TROY HORTON

D. Troy Horton has 15 years experience in niche commercial and financial document services. In the last five years as Senior V.P. of Sales for Merrill Corporation Mr. Horton has helped private companies go public and public companies file required financial information with the Securities and Exchange Commission (SEC) on a timely basis. In addition Mr. Horton manages projects for printing and distribution of prospectuses, annual reports and proxy statements for his clients.

JAMES A. HUFFMAN

James A. Huffman serves as a Director and an executive for the Huntsman Companies and their affiliates which represent the world's largest privately-held chemical concern. Mr. Huffman joined the organization in 1989 and has held a variety of positions over the past 14 years including Vice President of Global Strategic Planning. He currently serves as a member of the Wharton Graduate Executive Board for the Wharton School, the Board of Visitors of MD Anderson Cancer Center and the Snowbird Sports Education Foundation.

AMY REES LEWIS

In 1996, Amy began a company with only \$23,000 in seed capital and went on to raise over \$12 million dollars of venture funding. As President and Founder of this Internet-based Medical Software Company, Amy was responsible for the design specification and user interface of the nation's first 100% Web-based medical practice management system for physician offices. Amy is the founder and CEO of IPOP, which stands for "In Pursuit of Perfection", a Public Speaking and Entrepreneurial Consulting company dedicated to working with entrepreneurs launching new businesses as well as large companies launching new divisions.

WILLIAM MARTIN

William Martin was born in Tucson, Arizona, but has been a longtime resident of Utah, with deep business and community ties. Martin currently serves as co-managing broker of Colliers Commerce CRG, employing nearly 60 sales agents and over 30 support staff in the Salt Lake City Office, and offices in Provo, Ogden, and Park City. He is active in numerous real estate industry organizations, including the Salt Lake Board of Realtors, for which he has chaired several committees and earned the Million Dollar Club designation on multiple occasions.

DEAN MARTINEZ

Dean Martinez is a native of Belize, Central America. He worked for 10 years as a Design Engineer on the rocket motors of the U.S. Space Shuttle at Thiokol Propulsion's Space Operations. Dean earned his MBA from the University of Phoenix while concurrently serving as Planning Commissioner in Roy City, where he's lived since 1993. Dean has started a business consulting business, named Rosy Breeze Consulting (named after his daughter and his niece). He also chairs the Economic Development Committee of the Utah State Office of Black Affairs.

DINESH PATEL

Dr. Patel has been at the forefront of biotechnology and pharmaceuticals in the Intermountain Region for the past two decades. Dinesh co-founded and served as Chairman and CEO of TheraTech, a biotechnology company he took public and eventually sold for \$350 million. Dinesh serves on several boards including the Utah Life Science Industries Association and has won numerous awards including the 1998 Entrepreneur of the Year Award (Mountain West Venture Group), the 1997 Scientific Technology and Development Pioneer of Progress Award (State of Utah) and the 1996 Governor's Medal for Science and Technology Award (State of Utah).

DAVID N. PREECE

David N. Preece has recently returned to Utah from Southern California where he worked as an associate with the intellectual property law firm Knobbe Martins Olsen and Bear. While there he worked with international and domestic clients in preserving and evaluating the value of their intellectual property. These clients ranged from one of the worlds largest recreational vehicle companies to individuals developing their first invention. Prior to his work in California Mr. Preece clerked with the legal department of Novell in Provo. He is licensed to practice federally before the US Patent and Trademark Office.

JOE A. REYNA

Joe Reyna is the Deputy Mayor of Economic Affairs of Ogden City Corp. He is also the Founder and CEO of Reyna Capital Partners, LLC, and international business & trade consulting firm specializing in helping firms do business with Mexico and Latin America. He also serves as an appointed member of the President Vicente Fox's Mexico Advisory Council, the Institute of Mexicans Abroad, Commission of Economic and Business Affairs US-Mexico, at the Mexican Foreign Ministry Department. Joe is a member of the Board of Directors of the Utah Hispanic Chamber of Commerce.

JON L. RICHARDS

Jon L. Richards is currently the President & COO of Industrial Supply. Jon joined Industrial Supply in 1998 as Vice President & CFO and became the COO in 1999. His prior experience included the positions of controller and treasurer with Associated Food Stores, and Senior Auditor for Deloitte & Touche. Jon graduated cum laude from Utah State University and holds a MBA from Brigham Young University.

CHRISTOPHER ROYBAL

Christopher Roybal is the President and CEO of The Economic Development Corporation of Utah (EDCU), a statewide, private economic development organization. During his tenure at The EDCU, Mr. Roybal has assisted with recruiting several high profile company expansions to Utah including AlphaGraphic's Corporate Headquarters, Verizon Wireless, Goldman Sachs, Intel and Siebel Systems, among others.

KARA K. THOMPSON

In 2001, Miss Thompson was appointed as Council Aide to Salt Lake Council Member Russell Skousen. As the full time representative of the Council Member, she participates on a number of policy committees. She has acted as liaison with the Salt Lake County Redevelopment Agency, the Salt Lake County Mental Health Coordinating Committee and the Association of Community Councils Together (ACCT).

JOHN L. WEST

John West has been responsible for over \$1.5 billion of real estate transactions in his career for nearly all types of real properties in most major markets in the U.S. The types of investment structures have included equity, debt, hybrid debt, layered financing, tax-exempt financing, securitized financing, off-shore financing and combinations of the above. He has been a Principal and a Managing Director of Cottonwood Partners since 1996.

► ***“Jon Huntsman, Jr. is the best candidate for Governor because he is the only one that can create the environment for higher paying jobs, attract large corporations to Utah and make Utah a more prosperous state.”***

► ***Joe A. Reyna,
Deputy Mayor of Economic Affairs, Ogden***

JON HUNTSMAN, JR'S PLAN FOR ECONOMIC REVITALIZATION FOR UTAH

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EXECUTIVE SUMMARY

A MESSAGE FROM JON HUNTSMAN, JR.

Building a stronger economy is the key to Utah's future, and the key to funding a quality education for our children and our grandchildren.

Over the past eight months, I have traveled around Utah listening to and learning from the numerous citizens of our great state. No matter where I have been, the questions and issues are virtually the same. People are concerned about Utah's near-term economic outlook, but also about the future of their children.

Most families I have met with want to believe we will be able to afford a quality education for our children. They also want to believe there will be a place for their children to live and work in Utah. Unfortunately, too many of our young men and women are being forced to seek opportunity elsewhere, simply because there are not enough good jobs in Utah. I fear our talented and educated youth have become Utah's #1 export, and for Utah, whose very motto is "industry," this is unacceptable and unsustainable.

We must not allow this new century to begin without recognizing that economic development is critical to covering our costs going forward. Getting us there will require leadership, vision and a realistic plan.

As we begin this journey, it is helpful to put our current economic situation in perspective. Simply put, Utah's economy is in the worst shape it has been in since World War II. Our overall state tax burden is one of the highest in the nation (7th highest), and our per capita income is among the lowest. We are spending every available dollar of state tax funds on education, yet we are still dead last in per-pupil spending statistics and our recent test results are slipping. Many of our best companies have moved to other states, and have taken their high-paying jobs with them, further reducing the state's tax base and the ability to fund education or grow.

If we remain on our current trajectory, I believe we will be unable to afford the hopes, dreams and aspirations of the next generation. Our already burdened public education system is expecting an additional 144,000 new students over the next ten years. I believe this inevitable boom in our school-age population is going to be the most important challenge for Utah's public policy makers during the next decade. We must plan for this growth.

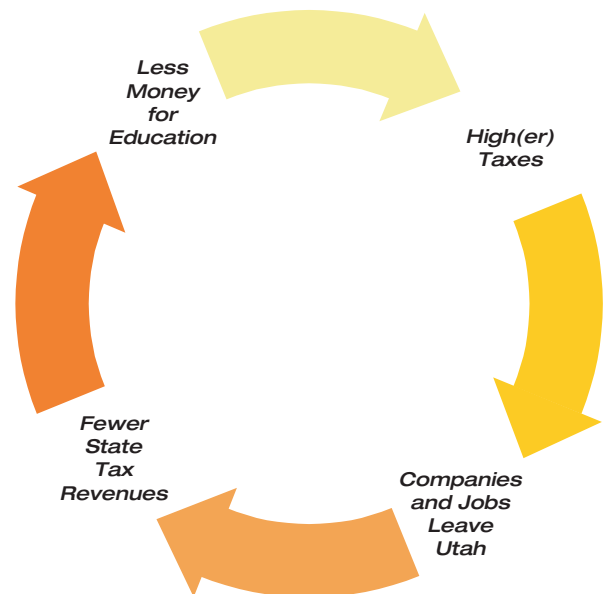
What Utah's economy needs is a positive new direction. If we stay on our current path, we will be unable to fund education and support Utah's working families in the years ahead. We need a Governor who will lead the charge in rejuvenating and expanding the state's economic base.

In short, we need more high-paying jobs in our state, and we need them now. Economic development is the critical link that will allow Utah to pay for education by raising overall revenues – not by raising taxes.

In conjunction with many of Utah's best and brightest private sector leaders, I have developed a plan. This is a plan to revitalize Utah's economic base and provide the long-term funding required to educate our children.

The plan to revitalize Utah's economic base centers on creating an environment that will allow Utah to attract and retain good businesses. In order to do this the state's tax and policy environment must be more appealing, if businesses are going to choose to locate here or remain here. If Utah is successful in attracting and retaining good businesses, then job growth and long-term economic prosperity will follow naturally.

In order to deliver economic development for Utah, we need a Governor who is capable of working effectively with both state officials and industry leaders to create a more business-friendly environment; an atmosphere in which companies can thrive and grow. We need a Governor with extensive private sector experience and contacts, who can reach out to national and international industry leaders, and attract companies (and jobs) to Utah. And finally, we need a Governor who cares about the businesses that are already located here in Utah, and will do what it takes to keep them here for the long haul.



I do not believe the government should be in the job-creating business, but together we can improve the environment in which our state's private sector operates and thrives. Identified below are the keys of my ten-point economic plan. When these ten initiatives are implemented in a timely, effective and coordinated manner, they will dramatically strengthen Utah's economy for the years ahead:



- # 1 Revamp Utah's Tax Structure
- # 2 Improve the Competitive Environment for Small- & Medium-Sized Companies
- # 3 Recruit Businesses to Our State
- # 4 Attract More Capital
- # 5 Promote Growth in Target Industries
- # 6 Enhance Utah's National and International Image
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- # 8 Promote Tourism
- # 9 Energize Economic Development in Rural Communities
- #10 Make State Government More Efficient

All of these initiatives are interrelated with one another. As we generate success in one area, that success will lead to success in other areas. Historically, our economic development efforts have lacked the required coordination to deliver long-term job growth in Utah. The coordinated implementation of this comprehensive set of initiatives will provide for greater economic success and momentum for Utah.

We need to elect a Governor who has a specific plan and the experience and leadership to implement that plan. I believe you will find I have the experience and desire to execute this plan for Utah. As Governor, I will leverage the relationships and experience I have gained from serving in senior positions within the U.S. Department of Commerce, as a U.S. Trade Ambassador responsible for all U.S. trade relationships with Asia and Africa, and as the U.S. Ambassador to Singapore. These experiences have given me a wealth of contacts and relationships in many foreign countries; countries that represent prime market opportunities for Utah goods and services. I will also bring to bear all of my private sector experience, and relationships with national and international business leaders, to attract companies to Utah. I will fight for Utah's interests here and abroad.

Rebuilding our economy is the only way to ensure that Utah will have enough good jobs, and the funding to support our children's futures and increase the quality of their education.

I am asking for your vote,



Jon Huntsman, Jr.



► ***“If Utah is going to attract the business leaders of this country, Utah needs a man like Jon Huntsman, Jr. He is a savvy businessman with the working knowledge it takes to bring better paying jobs to Utah.”***

► ***Kevin Rollins,
CEO and President of Dell Computers***

INTRODUCTION

Over the past several months I have traveled the great State of Utah listening to and learning from numerous citizens. No matter where I have been, the questions and issues are virtually the same. People express concerns about the economy, their income levels, and the long-term security of their jobs. Our citizens talk about the importance of educating our youth and the challenges of a rapidly growing state. Several have even shared how they have seen their talented children and grandchildren leave Utah in search of opportunity elsewhere.

Most families I have met with want to believe that there will be a place for their children to live and work in Utah. They are concerned that our state is not providing our youth with “career” opportunities; that we are not attracting and growing the types of jobs that will meet our citizens’ needs for a lifetime.

Moreover, Utah is struggling mightily to provide a quality education for its youth. It is unfortunate that, once these young men and women have received that education, they are being forced to seek opportunity elsewhere because of the lack of good jobs in Utah. Our talented and educated youth have become Utah’s #1 export product, and the many Utah families with whom I have spoken are not happy about it. We must put an end to this destructive cycle.

Many citizens are concerned about the economic outlook for Utah. Not only are they concerned about their present condition, but also about the future for their children.

I want the citizens of Utah to know that I have taken your concerns to heart and developed a plan to rebuild Utah’s faltering economy. Our success in this area will mean all the difference in Utah’s ability

to fund education and meet our other needs, such as transportation.

One of the most important things I did in developing a plan for Utah’s future was to understand our past which is instructive of our future. But the past is only a limited foundation from which to draw prologue. Therefore an attempt must be made to reach beyond the horizon to ensure our state is prepared to meet the challenges of tomorrow.

What my grandfather never would have imagined a half century ago were the advances and innovations that have revolutionized our world in areas such as communications, transportation, computing and the internet, and genetics — all areas in which Utah has made major contributions. This is to say nothing of our economy’s profound transformation from local to global and the attendant ideological shifts that have influenced societies everywhere following the collapse of the Soviet Union and subsequent spread of democracy and economic decentralization.

Today Utah stares down its future years with hope and optimism. Its challenges are no more in number than for earlier generations, only far more complex. We are a unique oasis of human talent and natural resources that has resulted in remarkable advances ranging from medical devices and genetic discoveries that have alleviated suffering from disease, to creative ways to foster communication in a global market, to many more. Other great accomplishments will emerge as our talents and resources are shaped by the pressures of the next half century. We must ensure that we are flexible enough to be shaped – not broken – by these pressures and this will require that we have an excellent educational system, business infrastructure and communications backbone, among other strengths.

As we contemplate our future, perhaps most striking will be our population growth, which in the coming generations will be a constant companion. Utah families alone will account for two thirds of our population growth, which already is running at twice the national average. And, immigrants from other states and countries will continue to see Utah as a land of opportunity.

► ***“Jon Huntsman, Jr.’s work as the U.S. Ambassador to Singapore and the United States Trade Representative has given him a unique view of the world. We are competing in a world economy. If we want Utah to be a serious player on the International stage, Jon is prepared like perhaps no other individual in the history of this great state to make us an important player in the coming millennium.”***

► ***David Bradford,
Managing Partner, Intermountain
Technology Ventures***

Likewise, our economy will require consistent nurturing and fine-tuning so it is able to deliver reliable growth and prosperity for our expanding population. With most states in America worried about economic growth, the next few years will likely see unprecedented competition to attract or develop economic success. With this increased competition, issues like quality of life, education, reliable water

resources and workforce availability and productivity will be ever important variables for success. Our unparalleled human and natural resources should position us well for the challenges of the next half century, but we also must be good stewards of these resources – how will we manage the advantages entrusted to us?

We will be pressed even more in the coming years to better define our competitive and comparative advantages as a state; If not for economic development purposes then certainly for purposes of providing enough opportunity for future generations to remain in Utah if they so choose. This will include ensuring the prosperity of not only Utah’s major cities, but its rural areas as well.

Utah always will be known by its beautiful vistas and venues. Yet even as the world becomes more and more urbanized, travelers will be increasingly drawn to our pristine national parks and natural monuments thus creating opportunities for the travel and tourism sector, but also likely testing our ability and capacity to accommodate them.

To be sure, the future years will further shape us in ways that are as incomprehensible as the last half century was for my grandfather. Change will be inevitable. While the broad contours of Utah will continue to frame a state whose founding and development were nothing short of extraordinary, public policy and market economics will continue to influence our destiny in ways that will reflect both external forces and internal innovation. If Utah fails to keep pace in a dynamic world, we could increasingly lose talent to states better able to provide for the needs and aspirations of its citizens. Because our society is increasingly mobile, people now can vote with their feet if community and professional expectations are not met.

Fostering a predictable and friendly environment for entrepreneurs, farmers and workers, and delivering quality primary and higher education to ensure our competitiveness remains sharp become key components like never before. We can't be all things to all people but we do have the ability, as recent history has shown, to create world-class centers of excellence which over time will contribute to curing disease, improve the quality of life for those who suffer and create new research-driven economic opportunities.

But as we develop and adapt to a changing environment, we must never lose sight of our compassionate side. While envisioning a state that lives up to our hopes and dreams for the future is essential, we must also recognize that each citizen must play a role in getting us there by making their communities better and even more aggressively identifying solutions to some of our state's most pressing challenges. No matter how technologically advanced, economically prosperous or beautiful our lands, without a population committed to lifting the human spirit and improving the plight of our fellow beings, all else is immaterial.

To realize the Utah we all want, we will need the same courage to make hard decisions, the tenacity to overcome adversity and the sense of a unified community that allowed Utah to come into existence two centuries earlier. We all will have much to answer for in the years ahead if we fail to deliver a state to future generations that affords them life, liberty and the pursuit of happiness. And if we do our best to understand the future and prepare to meet its challenges, needs and expectations, then many will have our generation in part to thank.

As we embark on this important task, we must always remember the government is not the sole solution to our state's challenges. I believe firmly government

should not be in the job creating business, because this is the primary role of the private sector. However, if we work together, we can improve the competitive environment in which the private sector operates. This is my goal.

► ***“We need good, quality, high-paying jobs in Utah. Jon Huntsman, Jr. understands what business needs because he's done it first hand. No one else running for Governor even comes close to Jon's economic development ability. Jon will get the job done. I know this guy. If we're going to have the best leadership with the right team to move Utah forward, we need Jon Huntsman, Jr. as Utah's next Governor.”***

► ***Larry H. Miller,
Automobile Dealer/ Owner Utah Jazz***

BACKGROUND

UTAH'S CURRENT ECONOMY

Utah is experiencing economic pressures that have not been felt since World War II. Short-term recessionary pressures and a longer-term erosion of the state's tax base, have created a dire financial outlook for Utah. Evidence of this would include:

1. UTAH IS A HIGH TAX STATE

According to the Tax Foundation, Utah has the 7th highest overall state and local tax burden in the U.S. Contributing to this burden, our state government continues to levy a sales tax on our citizens' food purchases. Utah is one of only a few states in the U.S. that persist in collecting this most visible and unpopular tax.

2. UTAH SPENDS HEAVILY ON EDUCATION, BUT IS STILL LAST IN THE U.S. IN PER-PUPIL SPENDING

I believe that spending on education has been, and should continue to be, a top priority for Utah. Utah currently ranks near the top of all states in the percentage of its budget dedicated to funding education (8th in the nation for public education and higher education combined, according to the 2003 report of the National Association of State Budget Officers – NASBO). However, when this spending level is translated into average per-pupil spending, Utah is 37.5% below the national average. The good news is that our students' average test results have historically been better than the per-pupil spending figures might suggest. This fact is related to the strength of Utah families and the dedication those families demonstrate in educating their children. However, we need to be alert to recent trends that suggest these test scores may be slipping. Specifically, recent statistics from the National Assessment of Educational Progress ("The Nation's Report Card") suggest our eighth grade test results have slipped below the national average – especially in reading.

3. UTAH HAS BEEN HARD HIT BY THE RECENT RECESSION

Utah experienced a significant drop in employment in both 2002 and 2003. Prior to 2002, the state's employment figures (number of jobs) had not dropped since 1964. Even more alarming is the fact that the state has not experienced two consecutive years of negative job growth since World War II (1944-1946). In real terms, what this means is that an average of 70,000 Utahns per month were out of work during 2002, and nearly 65,000 Utahns per month were out of work in 2003. This recession was very real, and Utah families are still feeling its effects.

4. OVER THE PAST TEN-TO-TWELVE YEARS, UTAH HAS EXPERIENCED A BROAD AND SERIOUS DECAY OF ITS OVERALL TAX BASE

Declining jobs in key sectors

Although job losses in Utah have been broadly distributed across most industries, Utah's crucial high technology sector has been particularly hard hit in this last recession. Between 2001 and 2002 alone, this sector lost approximately 6,200 jobs (approximately 11% of the sector). Although many other states lost high-paying technology jobs, due to the general bursting of the tech "bubble," Utah's job losses in this sector were 90% worse than the rest of the fifty states (Source: American Electronics Association "Cyberstates 2003 Report"). Because our economic development programs were not alert and engaged, Utah may have lost an opportunity to retain or transition jobs in this sector to other areas (e.g., life sciences).

These recent high-technology job losses are particularly damaging to Utah because they are mostly high-paying jobs that have been very beneficial to our overall economy. Jobs in the information technology, aerospace and biotech/life sciences sectors generally pay over 60% more than the average Utah wage, and provide over \$1 billion annually in income and property taxes to Utah (Source: DCED, UITA, and ULSA).

Loss of key companies

I know we can and must act quickly to reverse the tide of large companies moving their headquarters and operations out of Utah. Industry leaders have become concerned about the long-term economic health of our state because several of our largest companies and other industry groups have elected to leave. This trend has impacted our high tech sector with the well publicized headquarter departures of companies like Novell, WordPerfect and Iomega.

However, the high tech sector is not the only sector that has been impacted by these departures. The state's manufacturing, engineering, and retail sectors have also been affected. Some noteworthy examples in this area include:

- Jetway (airport bridge ramps) – moved much of its production out of state.
- ATK-Thiokol (aerospace) – losing jobs to Alabama.
- Autoliv (airbags) Utah's only Fortune 500 company moving production to Mexico.
- Rio Tinto (Kennecott) – consolidating to Velicia, California.
- Boeing (aerospace) – changing their facility from manufacturing to storage.
- Knaack (construction storage devices) – moving from Payson to Crystal Lakes, Illinois.
- Smith's Food and Drug (retail grocery chain) – sold to Kroger of Cincinnati Ohio.
- American Stores (retail grocery chain) – sold to Albertsons and subsequently moved to Boise, Idaho.
- Iomega (technology) – moved to California.

One final example of lost business for Utah is the filming industry. Although the filming industry is very high on Utah because of our geography, and our talented and flexible workforce, we have not been aggressive in pursuing these jobs. Leaders in this segment estimate that we have lost over \$100 million of annual filming industry business to Canada, Louisiana and New Mexico.

Declining number of corporate headquarter locations

The departure of many high profile Utah companies, and the low number of Fortune 1,000 companies headquartered in our state, highlights a real weakness in Utah's corporate base. This statistic is important because when companies go through cost-cutting and consolidation initiatives, non-headquarter locations are usually the first to go. Knaack is a good example of this. It was clearly less expensive for them to continue doing business in Payson, but the company's corporate headquarters were located in Chicago. No surprise that Utah lost many good jobs when the company decided to consolidate to Chicago, not the other way around.

Low wage base

The wage scale in Utah is significantly lower than the national average. The average annual pay for a Utah worker is 17% lower than the U.S. average (Source: Bureau of Labor Statistics data). Some observers debate these statistics by pointing out that "the cost of living is much lower in Utah, so people can still afford to live comfortably here." Unfortunately, they are mistaken. In fact, Utahns still pay monthly living expenses that are generally on par with the national average, even though their average take-home wages are significantly below the national average (Source: American Chamber of Commerce Researchers Association – ACCRA Cost of Living Index).

An interesting fact is that Utah's median household income is the 15th highest in the nation (Bureau of the Census data 2001). However, household income is defined as total income from all sources. What this means for Utah's large families with strong work ethics, is that more family members (typically including teenagers and both parents), are working jobs to provide household income. Unfortunately, many of these jobs only pay minimum wage.

OUR CURRENT PATH

Historically Utah has been one of the fastest growing states in the country, and this trend is expected to continue. According to U.S. Census data, Utah's growth rate has been double the national average over the last decade. At this rate, the state's population will double before 2050.

This growth will require significant costs our state must be prepared to absorb. For Utah, growth is a fact of life and we cannot ignore it. The key is to plan for this growth and act accordingly, so Utahns can enjoy new opportunities and amenities without sacrificing the quality of life that we now enjoy. Much more needs to be done, and much more can be done, to prepare Utah for the 21st Century. Specifically, some of the growth-related costs that Utah must plan for include the following:

1. A SIGNIFICANT INCREASE IN THE NUMBER OF UTAH STUDENTS

The Utah Department of Education estimates that an additional 144,000 new students will enter Utah's schools over the next 10 years! This figure is alarming when compared with the "mere" 17,000 new students

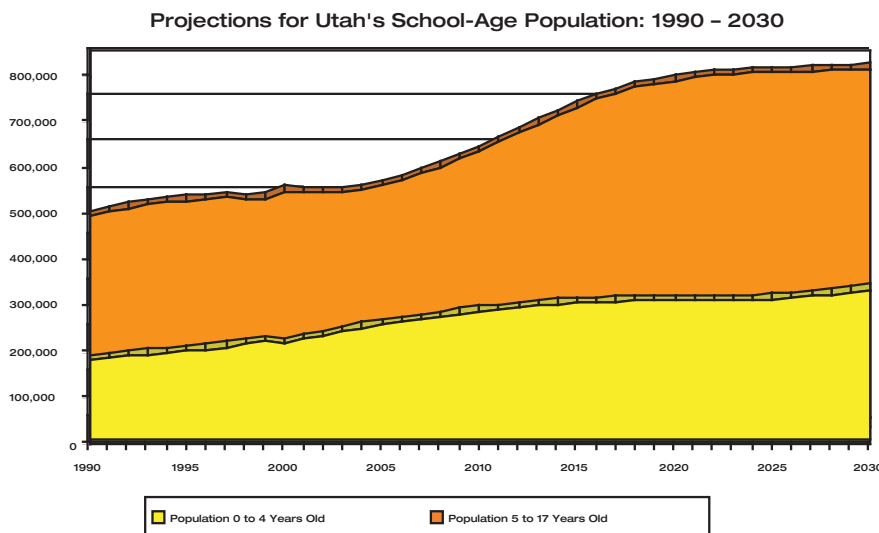
boom" (the onslaught of the grandchildren of the baby boomer generation). Whatever the cause, this dramatic increase will certainly result in additional costs and other challenges for Utah's education system.

I believe that the inevitable boom in our school-age population is going to be the most important challenge for Utah's lawmakers during the next decade. Utah's youth are certainly one of the state's greatest assets. We must provide these children with the very best education we can afford. In order to afford an excellent education for our booming student population, we must rebuild our economic base and create tens of thousands of new, higher-paying jobs. This is the only way to ensure Utah will have a healthy economic base to support our children's futures and increase the quality of their education.

2. INCREASING MEDICARE COSTS FOR SENIORS

While the annual growth in Utah's school-age population peaks at about 3.0% to 3.5%, the annual growth in Utah's senior population (the 65-and-older age group) is expected to reach 4.5% for the next 10 years. Over the next 30 years, this growth will translate into an additional 300,000 Utah seniors.

Growth in this segment will provide great benefits of knowledge, experience and leadership for Utah. It will also bring with it the need to provide certain services such as healthcare. Utah's historical Medicare expenditures have been among the lowest in the U.S. Utah is currently ranked 47th among U.S. states in terms of the percentage of state spending on Medicare (Source: National Association of State Budget Officers – NASBO). These impending demographic trends could raise Utah's expenditures for Medicare and other senior-related services, at the same time the

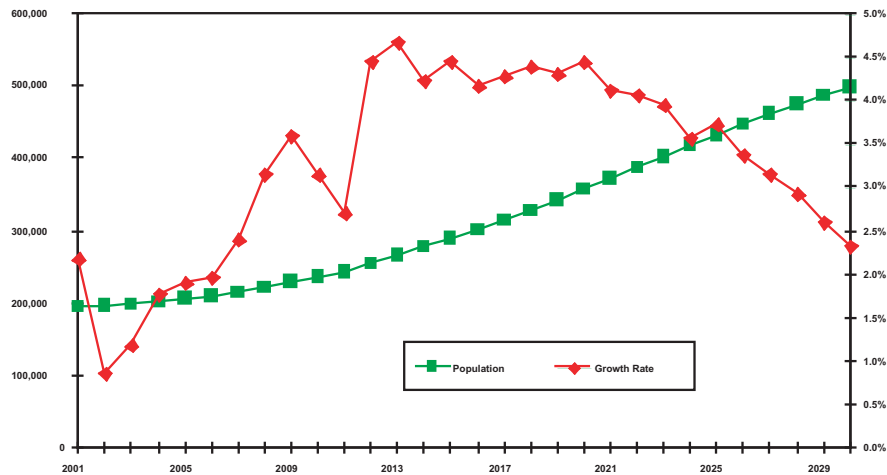


that entered the state's schools over the previous ten year period. This nearly ten-fold demographic boom is thought to be primarily the result of the "echo

state is absorbing new expenses for its growing student population. In short, we owe it to our seniors to plan ahead so we can support them in the dignified

pioneer heritage was built on diversity, and much of our strength as a society today comes from that heritage of diverse groups speaking different

Growth of 65 and older age group



manner they deserve, and they have earned – without sacrificing a quality education for our children.

3. INCREASING MEDICAID COSTS FOR CHILDCARE

Currently, one in four Utah newborns is paid for by Medicaid. If current trends continue, one in three newborns will be paid for by Medicaid within the next four years. This nearly-10% increase will translate into additional Medicaid costs, over-and-above the Medicaid costs related to our growing population of seniors.

4. INCREASING DIVERSITY

The face of Utah is changing. Ten years ago, less than 10% of Utah's population was of an ethnic minority. Today that figure is nearly 15%, and the numbers continue to increase largely as a result of significant growth in Utah's Hispanic population. This added diversity can provide numerous benefits for Utah, but we must recognize that it will also require additional resources and expenses (e.g., "English as a second language" programs).

Utah must embrace this diversity, and grow stronger because of it. President Reagan noted that the Republican Party should be the party of the "big tent," and this is more important in Utah as our demographic makeup is steadily changing. Our state's

languages. All these people have come together, not always without friction, but nevertheless with a pledge to bring out the best in each other, and to build a diverse society that has enriched us all.

Today we have another great opportunity before us. We can choose to meet this challenge with fear and bigotry, or we can draw on our state's tradition of tolerance and love to forge an even greater community. One thing is for certain,

meeting this challenge will entail some economic costs, but it will make our state a better place to live if we face it with confidence and optimism.

5. NEED FOR MORE ROADS AND INFRASTRUCTURE

As our state population grows, we need to invest in our roads and other infrastructure such as the Legacy Highway and light rail. Currently, many of these investments are being delayed due to short-term budget pressures. If we do not make the necessary investments in these key areas, our delays will lead to greater costs in the future, resulting in more traffic, congestion, and a lower quality of life for Utah citizens.

6. WATER SHORTAGE

We live in a dry climate and recent drought conditions have made Utah's water situation quite serious. As our population continues to grow, our water shortage will become more precarious. We must plan for the investments required to access the water and implement water re-use strategies that will fuel growth in our state.

*Except where otherwise noted, data from this section is from the Governor's Office of Planning and Budget, State of Utah

HUNTSMAN 10-POINT PLAN TO REVITALIZE UTAH'S ECONOMY

Given Utah's current economic challenges, and the prospects for increasing pressure on the state's budget going forward, we need a new direction and a new solution. If we stay on our current path, we will be unable to fund education and support Utah's working families in the years ahead. We need a Governor who will lead the charge in rejuvenating and expanding the state's economic base. New jobs, and raising Utah's average wage base to at least the national average, are the real keys to Utah's public revenue challenges.

In short, we need more high-paying jobs in our state, and we need them now. Economic development is the critical link that will allow Utah to pay for education and other growth-related programs (i.e., water, roads, healthcare, etc.), by raising overall revenues and implementing cost-cutting measures.

The plan to revitalize Utah's economic base centers on creating an environment that will allow Utah to attract and retain good businesses. In order to do this the state's tax and policy environment has to be at least as appealing (if not more so), as other competing states, if businesses are going to choose to locate or remain here. If Utah is successful in attracting and retaining good businesses, then job growth and long-term economic prosperity will follow naturally.

In order to deliver economic development for Utah, we need a Governor who is capable of working effectively with both state officials and industry leaders to create a more business-friendly environment; an atmosphere in which companies can thrive and grow. We need a Governor with the experience and contacts to reach out to industry leaders outside of Utah, and attract companies (and jobs) to Utah. And finally, we need a Governor who cares about the businesses that are already located here in Utah, and will do whatever it takes to keep them here for the long-haul.

Government should not be in the job creating business, but together we can improve the environment in which our state's private sector competes. ***Identified below are ten strategic initiatives that, when implemented in a timely, effective and coordinated manner, will dramatically strengthen Utah's economy:***

- # 1 Revamp Utah's Tax Structure
- # 2 Improve the Competitive Environment for Small- and Medium-Sized Companies
- # 3 Recruit Businesses to Our State
- # 4 Attract More Capital
- # 5 Promote Growth in Target Industries
- # 6 Enhance Utah's National and International Image
- # 7 Capture Global Opportunities for Utah Companies
- # 8 Promote Tourism
- # 9 Energize Economic Development in Rural Communities
- #10 Make State Government More Efficient

All of these initiatives are interrelated with one another. As we generate success in one area, that success will lead to success in other areas. Historically, our economic development efforts have lacked the required coordination to deliver long-term job growth in Utah. The coordinated implementation of this comprehensive set of initiatives will provide for greater economic success and momentum for Utah.

▶ ***"I want my three children to get great educations and then find quality, high-paying jobs close to home. Jon Huntsman, Jr. is the only candidate who has the vision and the experience to help my dreams for my children come true."***

▶ ***Tracy Ferguson,
Nurse/Mother of Three***



KEY #1: REVAMP UTAH'S TAX STRUCTURE

Issues and Analysis:

Utah currently has the 7th highest overall tax rate in the U.S. This high tax rate creates a burden for our citizens, and a disincentive for businesses to remain or relocate in Utah. If the state is going to attract and retain industry and high-paying jobs over the long-haul, we must modernize our tax structure to create a more competitive business environment. The following are some specific areas where Utah's tax structure appears to be out of line with more competitive environments:

UTAH'S TAX STRUCTURE DOES NOT PROMOTE HIGH-PAYING JOBS

The state's current tax structure has not aligned the long-term needs and goals of the state, with the short-term needs and goals of our local communities. For example, our current tax structure fosters competition for retail jobs, particularly at the local level. In some cases, Utah municipalities end up competing against one another to attract retail establishments.

Although welcome and beneficial, retail jobs alone cannot satisfy the long-term goals of the state because they typically tend to be at the lower end of the wage scale – most are minimum wage jobs. Said another way, these jobs do not create a viable long-term economic engine that will allow the state to fund education and other important programs.

What is needed is a tax structure for Utah that gets the state and the local communities on the same page. Utah must develop a structure that creates incentives to attract and retain high-paying, wealth-producing jobs. This policy also needs to leave room for the establishment of destination retail stores where appropriate, just not at the expense of other high-paying jobs.

UTAH'S TAX STRUCTURE IS NOT COMPETITIVE WITH OTHER STATES

Utah must compete against other U.S. states to attract good jobs, and our tax incentives are simply not competitive with many of these other states. This lack of competitiveness has negatively impacted our ability to retain existing jobs and attract new jobs from other states (as evidenced by the number of companies that have recently moved out of the state). There are several examples of where Utah's tax code is not competitive including:

CORPORATE INCOME TAX

This tax creates a disincentive for businesses to locate in Utah versus other states, such as Nevada, that have no corporate income tax. Utah's corporate income tax has also been a volatile source of income for the state, making it difficult to depend on this source of revenue from one year to the next. Between 2001 and 2002, the state's corporate income taxes dropped by over 40% (\$190 million to \$112 million).

LACK OF TAX INCENTIVES FOR BUSINESSES WILLING TO RELOCATE TO, EXPAND OR GROW IN UTAH

Many U.S. states have aggressive tax incentives, and other programs, to reward businesses for locating and investing in their state. These tax credits can be a powerful tool to help existing businesses grow and to attract new businesses. Utah has few financial incentives for middle-stage companies. We typically have reserved incentives for either start-ups – where few incentives exist – or for attracting large companies' operations and facilities to Utah, where we have a fair number of incentives, especially for retail companies. We are simply not competitive in this area relative to other states that are playing to win the battle for high-paying jobs.

RESEARCH AND DEVELOPMENT (R&D)

TAX CREDITS

Our current R&D credit is not an effective incentive to promote the right kinds of investment in Utah. A taxpayer may not claim the R&D credit until the year immediately following the year for which the taxpayer qualifies for the credit. In other words, there is a one-year delay between the time the investment is made and the time that the benefit of the credit is allowed on the taxpayer's income tax return.

Also, the revenue limitation that is applicable at the federal level is also applicable at the Utah state level. This requirement makes it necessary for a company to spend at least three percent of its gross revenues on R&D in order to obtain a benefit from the credit. Consequently, small to mid-sized companies are not able to take advantage of this credit because substantial investments in R&D must be made in order to meet the percentage-of-gross-revenue test.

In their efforts to attract new investment, many other states provide a more flexible application of R&D credits. Some of these states have also made their R&D credits refundable, whereas the Utah credit is non-refundable. This approach makes the credit available to more businesses and creates a stronger incentive for businesses to operate and invest in those states, rather than in Utah.

SALES TAX ON FOOD

Utah is among a small number of U.S. states that still taxes food. Most states in the U.S. do not tax food and, for those that do, they generally provide tax credits for poor households to offset these costs.

TAX RATES ON CAPITAL GAINS AND DIVIDENDS

The current Utah tax rate for capital gains and dividends is a flat 7%. There is no differentiation between long-term and short-term investments, as exists under the federal tax code. Many states in the U.S. do not tax capital gains at all or, if they do, they

either reduce the amount for longer-term investments (similar to the federal approach), or allow for a deduction against federal taxes.

This tax has four major impacts on Utah. First, it impacts our seniors who earn income from dividends and capital gains. Second, this tax creates a major disincentive for companies to locate and build value (and jobs) in Utah. Third, this tax makes it difficult to attract talented senior executives, most of whom have meaningful stock portfolios or stock options that would be negatively impacted by this tax. Finally, many Utah business owners and experienced investors avoid this tax by moving to neighboring states that do not impose such a burden. In these cases Utah loses the tax revenue and, even more troubling, the talented individuals who created the value in the first place.

The Federal Government has studied this issue at length and concluded that it made sense to reduce these taxes to incentivize investment – particularly long-term investment where rates are 25-30% of the higher short-term rates. Utah should consider similar modifications in its tax code to provide the right incentives for long-term investment in our state.

► ***“The crying need for this state is to foster the growth of quality jobs for our kids. As founder of one of the top new tech companies in Utah, I know what it takes to create quality jobs in growth sectors. Jon Huntsman, Jr. has it. He deserves your vote.”***

► ***Doug Clark,
Founder, NxLight, Inc.***

Proposed Solutions:

The first step in creating high-paying jobs in Utah is to lower taxes and create a more business-friendly tax structure. The state's current tax structure is outdated. We need a new, more sensible structure that rewards the private sector for creating long-term economic growth (and jobs) in Utah. Specifically, I plan to work closely with the Utah Legislature to enact the following tax measures:

1. ALIGN TAX NEEDS OF STATE AND LOCAL GOVERNMENTS

Currently, Utah's tax code incentivizes the creation of retail businesses because they provide sales tax revenue to local counties and municipalities. What Utah needs is a tax code that aligns the needs of our local governments, and also rewards the creation of high-paying, private sector jobs – jobs that will provide the state with an economic foundation for the 21st century.

2. CREATE TAX HOLIDAYS FOR SPECIFIC TYPES AND SIZES OF COMPANIES WILLING TO RELOCATE OR EXPAND TO UTAH

Tax holidays should be awarded to specific types and sizes of businesses that are willing to relocate, or expand, their operations to Utah. For example, if a company moves jobs to Utah, we should consider reducing their taxes for a period of time to help offset the costs of their move. This will incentivize companies to locate or expand their operations here, which should never be done to disadvantage existing local business.

The recent aerospace legislation where tax credits are provided to expanding aerospace operations is a good start, but we should include other targeted industries such as biotechnology and information technology. Utah is competing for these jobs against other states that offer such incentives. We must remain competitive in order to win the battle for high-paying jobs.

3. REVAMP THE STATE'S RESEARCH AND DEVELOPMENT (R&D) TAX CREDIT

The Utah R&D credit could be modified to be a more effective tool in stimulating new business development in the State of Utah. Small- and medium-sized businesses are not able to take advantage of this credit, and often do not make investments in Utah they would otherwise make. Furthermore, these types of investments often would have been in technology-oriented areas such as information technology and biotechnology which are industry sectors Utah would like to grow because they create high-paying jobs. We should change the formulas for R&D tax credits to allow more companies to benefit from their investment. Doing so will lead to more investment in Utah, especially in key industry sectors, and job growth will follow.

4. REVIEW THE INDUSTRIAL ASSISTANCE FUND

This state discretionary fund should have a larger pool of financial resources to draw upon. Over the past several years this fund has redefined its criteria several times, we need to send a consistent message to corporate decision-makers that we are targeting specific industries that match our assets and award companies accordingly.

5. PROVIDE MORE COMPETITIVE JOB TRAINING CREDITS

We need to re-tool Utah's Custom-Fit Training Program. This program is drastically under-funded to compete with other states. Many states, such as Colorado and Oklahoma, have programs that fund between three and ten times what Utah's program offers. Also, the current in-kind contributions are often awkward for companies to use. As we train and re-train Utah workers, we are making an investment in our most precious asset, our labor pool. This is a no-lose proposition for Utah because our workforce becomes significantly more marketable.

6. ELIMINATE THE SALES TAX ON FOOD

Utah is one of only a few remaining states that still taxes food. It's time to say goodbye to this most

regressive of all taxes. It especially hurts seniors on fixed incomes and working families. We propose phasing this reduction in over the next four years to provide relief for Utah's working families, at a time when they need it the most.

This will only apply to basic food staples in grocery stores and wholesale warehouse stores. This will not apply to tobacco products or alcohol.

Implementation will ensure there is no loss of tax revenue for cities or higher education. This program will be phased in over four years and only done in conjunction with broader tax reform.

7. MID- TO LONG-TERM CONSIDERATIONS

Revise or Reduce the Corporate Income Tax:

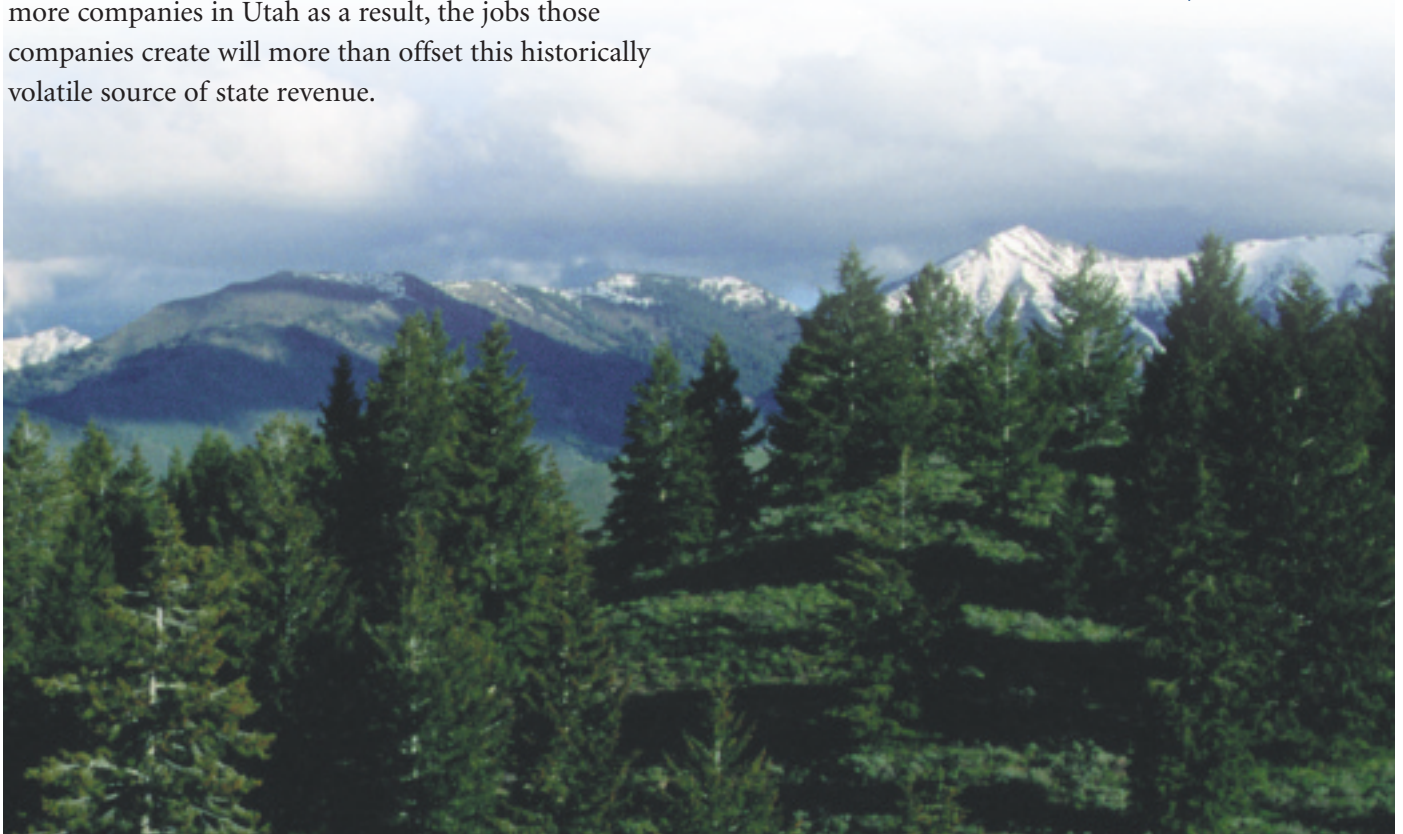
Although difficult to afford in the near term, Utah should consider alternatives to the corporate income tax. At a minimum, we should adopt other state models where profits are not taxed until they reach a specific level. Relative to other states, Utah's current corporate income tax is a disincentive for businesses to locate here. If we can eliminate this tax, and get more companies in Utah as a result, the jobs those companies create will more than offset this historically volatile source of state revenue.

Revamp Taxes on Capital Gains and Dividends:

Longer-term, we should adopt a model that is more consistent with the Federal tax code and rewards investment – especially long-term investments relative to short-term investments.

► ***“This election is about the future of Utah and that means more, better paying jobs. I truly believe the best person to be the next Governor of Utah, bar none, is Jon Huntsman, Jr. He has the talent, experience, and vision we need to lead our state to great success in the future.”***

► ***Kent Murdock,
President & CEO, OC Tanner***





KEY #2:

IMPROVE THE COMPETITIVE ENVIRONMENT FOR SMALL- AND MEDIUM-SIZED COMPANIES

Issues and Analysis:

Utah has an excellent track record of starting small businesses. In fact, Utah ranks very high nationally in many areas related to start-up companies, including:

- #1 per capita in fastest growing emerging companies
- #4 in total start-ups
- #6 in university research funding

The bad news is that a disproportionate number of Utah's early-stage companies do not succeed. Moreover, many of the companies that do succeed eventually move out of the state, taking their high-paying jobs with them. The following statistics highlight this problem (with #50 representing the worst state in the U.S., and #1 the best):

- #20 in venture-backed initial public offerings
- #49 in business closings/failures
- #47 in financial resources (state/fed/venture)
- #47 in number of emerging companies that stay in Utah more than five years after inception

Perhaps our most significant challenge in growing business in Utah is the state's lack of middle and later-stage companies. In America's most entrepreneurial state, this should be our strong suit. These businesses form the backbone of any thriving economy and provide a strong reservoir of high-paying jobs. Novell and WordPerfect are good examples of larger companies that have moved out of Utah, along with many of their best jobs.

Utah has a low number of middle-stage companies for several reasons, including lack of capital, limited availability of experienced management personnel, and a high rate of business acquisitions by out-of-state firms who move the jobs out of Utah.

Proposed Solutions:

As Governor, I will continue to support the establishment of good companies in Utah. This is a great strength for us. We should build upon "industry," our state's motto, and remember the busy beehive which has been our symbol since our founding. In order to do this, we need to provide the right environment and tools so our early-stage businesses can grow and become leaders in their respective industries, while remaining here in Utah.

As your Governor, I will work to implement a number of policies that would support small- and medium-sized businesses, including the following:

1. FACILITATE AND IMPROVE ACCESS TO CAPITAL

We must make more capital available to Utah companies so they can thrive and grow. Utah currently has inadequate capital under management in the venture capital arena. As Governor, I will work to increase this figure to \$2 billion, placing particular emphasis on middle-stage investing. I plan to meet with venture capital and private equity groups from around the world, and encourage them to partner with our local investment organizations to achieve this goal. The state's new "fund of funds" program will assist in this effort, but we can and should do more.

2. GROW UTAH'S POOL OF MANAGEMENT TALENT

Utah is fortunate to enjoy one of the youngest and best educated populations in the U.S. The downside to our youth, however, is the occasional lack of seasoned business experience in our state. We need to continue to attract and develop talented, experienced leaders in Utah. Doing so will allow Utah to be more successful at establishing and growing medium and large businesses here in the state, rather than allowing

them to move elsewhere as they mature. Specifically, we should pursue the following areas:

- Use targeted student loans/subsidies to increase the number of college graduates in key technical areas such as engineering, technology, medical, aerospace and business.
- Retool the Custom-Fit Training Program to strengthen the workforce available to these businesses.
- Support entrepreneurial education. Successful incubation and development of new companies requires both innovative and competitive products, as well as excellent business management skills.
- Reach out to national and international business leaders who possess strong ties to Utah. Beyond our borders, there is an excellent group of business professionals, many of whom I know well, who have a deep interest in Utah. These are people who graduated from Utah schools, are native to Utah, have family here or simply love the natural amenities available in our state. We need to form a “swat team” of highly skilled business professionals both in Utah and outside of Utah to help network, connect and guide young business professionals with domestic and international resources. Past administrations have started programs in this area, but there is a need for better execution and follow-up. The private sector should play a significant role in this effort.

3. DO STATE BUSINESS WITH UTAH COMPANIES

Wherever possible, the state should direct its spending power towards Utah-based companies. I am opposed to “out-sourcing” Utah state government jobs. There are many examples where the state has awarded its business to a non-Utah company, when a Utah-based company could have provided the same good or service. Clearly, local companies need to earn the business by being competitive but, all things being equal, I believe we should support our local businesses.

4. REFORM TAXES

Utah needs a tax structure that will minimize the burden on businesses so they can invest more in their companies and create more high-paying jobs over the long-term. When companies compare Utah to other states, we want them to feel this is the most attractive and vibrant environment in which to do business. We can accomplish this by being thoughtful about the way we tax businesses.

5. REDUCE GOVERNMENT REGULATION AND RED TAPE

As Governor, I will reduce administrative red tape and make doing business in Utah easy and swift. This may include looking at revisions in taxes, domestic and international banking laws, business litigation laws, and other important areas. We should also consider ways to fast-track existing and new business applications, licenses, etc. Some local communities actually charge for the fast-track process and, ironically, most businesses are happy to pay for it because they value the service.

I would propose a regulatory reform commission, chaired by the Governor, that would meet quarterly with small business groups to identify and eradicate barriers to business expansion. I chaired such an effort for President George W. Bush between the United States and Japan, the world’s two largest economies and I believe in Utah we could make real progress.

I believe we should also overhaul Utah’s economic development offices and organizations. Utah spends a substantial amount of money on economic development, but we have too many groups, organizations, agencies, etc. All of these agencies are working towards the same goal, but our lack of coordination leads to inefficiency and leaves businesses confused and frustrated. I believe strengthening Utah’s economy is of critical importance, and we need a high quality, professional organization to support our efforts.

6. ENCOURAGE INNOVATION

Utah should continue to encourage innovation and creativity because it often leads to the formation of new companies, and ultimately jobs. As Governor, I would push for the following:

- Streamline Utah's technology transfer process at our research universities to make it effective for business creation in Utah.

Some good work has been done by our administrators in this area, but more can be done. Our offices need to work with entrepreneurs, not against them. We need to encourage the commercialization of our more innovative ideas, not stall them in bureaucratic negotiations. A more collaborative approach will transform our technology transfer process into a driver for Utah's economy.

- Allow universities to hold equity in start-up companies

We need to allow specific state entities, ones that are incubating companies or transferring technology to companies, to own equity as a form of compensation. As an extension of my efforts in the technology transfer area, I would support changes to the state's laws to allow our universities to accept equity in start-up companies. Currently, the Utah State Constitution has been interpreted not to allow any state entity to hold equity ownership in companies.

While I do not advocate the state getting overly-involved in the private sector, this is clearly an area where we should make an exception. Start-up businesses often negotiate with our technology transfer offices to acquire the rights to a particular technology. Frequently, this technology is the basis for a new company that an entrepreneur wants to form in Utah.

Unfortunately, most start-up companies do not have enough cash to pay for the technologies outright. What they do have, however, is equity

in their company that they are often willing to give up in exchange for access to the technology. By taking equity in lieu of cash the state can help form new companies that might not otherwise get started, and these companies can go on to create jobs. Furthermore, Utah benefits financially from its equity ownership if the company is successful. Many other states in the U.S. have used this approach effectively. It is time for Utah to modernize its approach in this area.

- Support substantial funding for the Centers of Excellence Programs to incubate more start-up companies.
- Appoint a joint state/private task force to raise enough money to endow 30 new academic chairs at Utah's colleges and universities.

Each chair would fund the work of at least one professional researcher in areas deemed strategic to Utah's economy. For example, these could be focused on engineering, technology, biosciences, aerospace, or other areas that would spawn technologies with commercial potential. Importantly, the goals of these endowed chairs would be different from similar academic chairs, in that they would entail a substantially higher level of accountability for results. We would measure the performance of each researcher according to the number of commercial technologies generated and, ultimately, the number of companies and jobs created. The renewal of their funding would be dependent upon their performance against these key economic metrics.

7. WORK TO ELIMINATE THE CORPORATE TAX ON SMALL BUSINESSES (LESS THAN \$5 MILLION IN REVENUE) FOR THEIR FIRST FIVE YEARS



KEY #3: **RECRUIT BUSINESSES TO OUR STATE**

Issues and Analysis:

Despite significant efforts over the past several years, Utah has had moderate success recruiting companies. Intel, Verizon Wireless, Siebel, Goldman Sachs, and the headquarters of AlphaGraphics are a few examples of success. However, we have continued to lose company locations, often at a faster rate than we are replacing them. We must do more in this important area.

Following the Olympics and the expansion of small cluster industries such as biotechnology and information technology, Utah stands ready to make significant strides in recruiting major regional operations and headquarters to complement local company growth. This assumes we elect a Governor with the right leadership and experience to convince these companies to move to Utah.

Many states, such as Florida and Michigan, have privatized their recruitment efforts to make them more efficient and effective. Others are following suit, like New Mexico and Indiana. Most regional areas that we compete against for jobs have similar public/private partnerships including Phoenix, Denver, Dallas and Los Angeles.

In a recent 2003 poll of corporate decision-makers from around the country, we learn what attracts corporations to different locations.

SITE SELECTION RANKING (IN ORDER OF IMPORTANCE)

1. Availability of skilled labor
2. Labor costs
3. Tax exemptions
4. State and local incentives

5. Highway/rail accessibility
6. Corporate tax rate
7. Proximity of major markets
8. Construction costs
9. Energy availability and cost
10. Environmental regulations

QUALITY OF LIFE RANKINGS (IN ORDER OF IMPORTANCE)

1. Low crime rate
2. Health facilities
3. Ratings of public schools
4. Housing availability and costs
5. Colleges and universities in the area
6. Cultural recreational opportunities
7. Climate

REASONS FOR RELOCATION/EXPANSION TO NEW MARKET

1. Proximity to suppliers/markets
2. Operating/Occupancy costs
3. Labor availability
4. Need for improved business climate

Utah is strong in many high-ranking areas. We are blessed with many strengths that can be exploited when recruiting companies to our state. Our approach must be targeted and based upon sound industry cluster analysis. In other words, what are Utah's natural advantages that can be built upon? Knowledge of our existing assets will enable the Governor's office to lead the effort nationally and internationally to target Fortune 1,000 companies and other private corporations for expansion to Utah. For example, there are 38 healthcare companies and 19 pharmaceutical firms on the Fortune 1,000 list that should be potential targets for recruitment to Utah given our strengths in the life science sector.

Companies in information technology and financial services should also be targeted for active recruitment to Utah. Utah has a good foundation of high-tech companies already, and we should build upon this foundation. According to Utah Workforce Services' database, there are already over 2,600 companies in Utah that are considered information technology companies according to the North America Industry Classification System (NAICS) codes. This group of companies provides a strong foundation upon which to add additional businesses.

A recently released study by the Milken Institute, called the State Technology and Science Index, ranks Utah 9th among all U.S. states. The study's criteria include research and development, risk capital, human capital investment, technology and science workforce, and technology concentration. The good news is that Utah is still in the top ten. The bad news is that our neighboring state of Colorado was ranked third. Utah must do better if we want to be a long-term player in the highly competitive technology sector.

Proposed Solutions:

As Governor, I will seek to better leverage our state's economic development resources, and align those efforts with private sector recruitment initiatives. The Utah Sports Commission is a good example of the state privatizing the marketing and professional services associated with bringing sporting events and activities to Utah. This model should be followed with the Economic Development Corporation of Utah (EDCU) that has a 17-year track record of recruiting services.

As Governor, I will set and lead our state's economic development agenda. We can solicit much greater participation and leadership from the private sector, and also eliminate the fragmentation and duplication among state departments that exists today. In addition, this public/private partnership concept has support from many of the local governments and private industry parties already affiliated with the EDCU. The state could clearly do more with fewer resources. Other areas of focus should include:

1. DEVELOP A LIST OF TARGET COMPANIES FOR RECRUITMENT

This target list should be based on sound cluster analysis, similar to work done by McKinsey and other professional firms for other communities. Third-party analysis is necessary for credibility. This would not be a one-time effort; on the contrary, an on-going relationship would be established with a credible national firm to ensure up-to-date trends and feedback regarding targets, marketing programs and areas of concern. Of note, several of these firms have done some excellent work in the life sciences area. This is work that could be of great benefit to Utah's efforts as we target this sector going forward.

2. REACH OUT TO TARGET COMPANIES

Create a "Recruitment Advisory Board"

This Board would have representatives from both Utah firms and out-of-state companies to provide the Governor with the best and most impartial advice. Out-of-state CEO's with Utah ties would be candidates, along with local professionals that have expertise in industry sectors slated for growth in Utah.

Develop a highly targeted recruiting message

Highly target our recruitment messaging toward specific industries and specific companies where we can capitalize on the unique assets that differentiate Utah. Continue to enhance messaging to other national site location consultant groups. Rely on the expertise and contacts of the Economic Development Corporation of Utah's national relationships. Utilize EDCU and other resources to send potential targets effective messages regarding Utah's labor market, operating costs, industry clusters, and other key economic data. Highlighting Utah's successes should also be a focus of these communications. This focused awareness and relationship campaign will provide a significantly greater return on investment for Utah than continuing the status quo of general messaging and advertising.

3. PROVIDE COMPETITIVE TAX INCENTIVES

As mentioned above, the state's tax incentives are not competitive with many other U.S. states. We need to strengthen this aspect of our recruiting toolkit so we can compete for the best jobs.

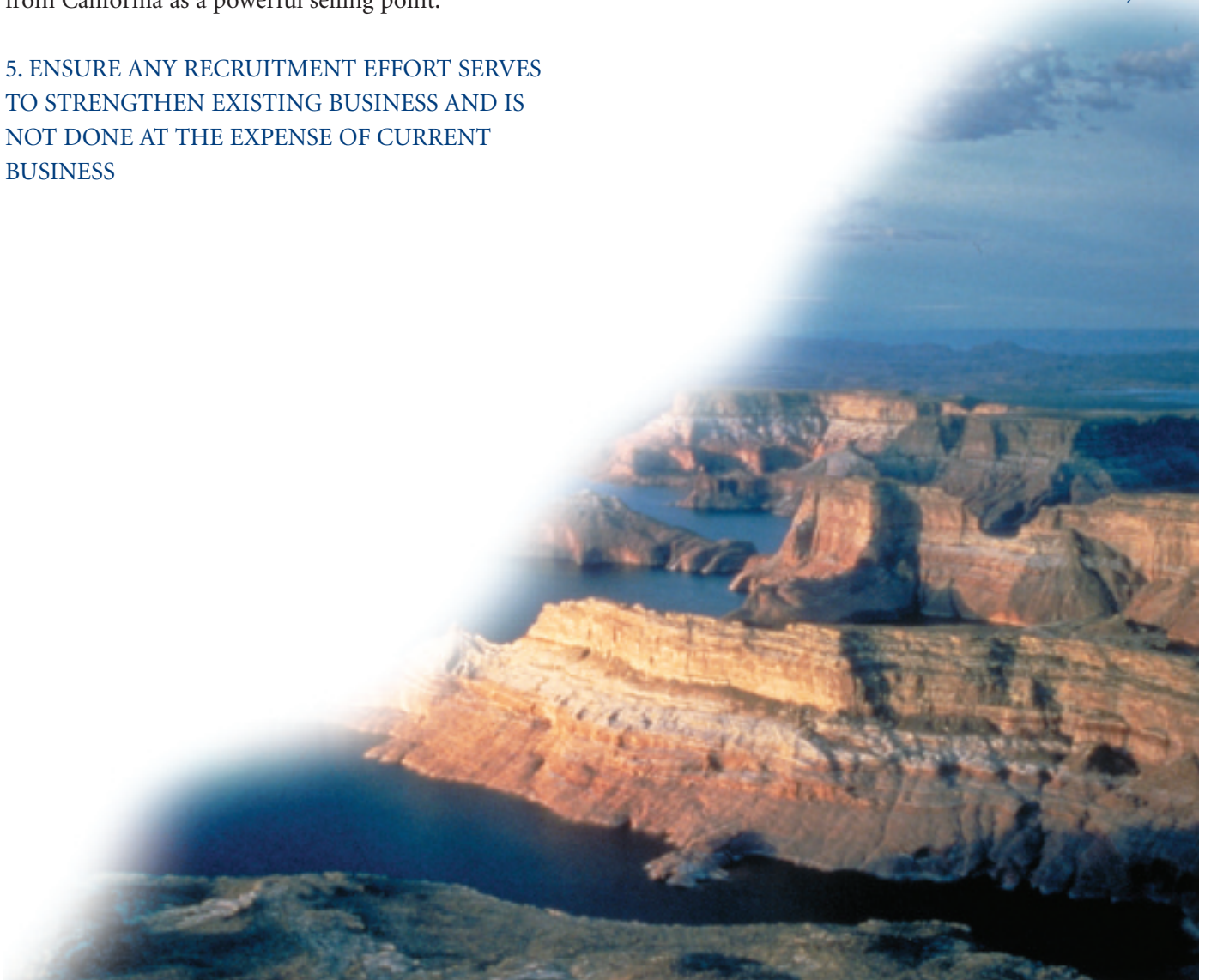
4. CAPITALIZE ON CURRENT ECONOMIC TRENDS

For example, we should mount a significant effort to attract companies from California. We have had some success doing this including Siebel, Cadence and Intel, but we can do more during this window of opportunity. Specifically, there are over 100 Fortune 1,000 companies located in California and many of them are unhappy about their current business environment. We can use Utah's relatively easy access from California as a powerful selling point.

5. ENSURE ANY RECRUITMENT EFFORT SERVES TO STRENGTHEN EXISTING BUSINESS AND IS NOT DONE AT THE EXPENSE OF CURRENT BUSINESS

▶ ***“Jon Huntsman, Jr. understands what it takes to grow business. He knows entrepreneurs and big business. If we are going to have the money we need for education and a better quality of life for our families, we need the economy to thrive. Jon is the one I trust.”***

▶ ***Amy Lewis,
CEO IPOP, LLC***





KEY #4: ATTRACT MORE CAPITAL

Issues and Analysis:

Utah's economic future depends largely on the growth of existing and new Utah-based companies. These companies will need investment capital to succeed. My past experiences in running companies and organizations have given me first-hand knowledge of the great importance outside sources of capital play in the growth of any successful enterprise. I also understand that capital for any company, and especially for new companies, is often in short supply.

There is both good and bad news for Utah's investment community. Comparing Utah against other western states including California, Arizona, New Mexico, Texas, Washington, Colorado and Oregon shows that Utah has room for considerable improvement in attracting investment capital. Utah's ranking in areas critical to development and attraction of capital investment is as follows:

- Human Capital: the measure of skilled and talented people able to lead successful companies—Utah ranked behind three states, above one, and equal with three others.
- Innovation/Research and Development Investment: the investment focused on emerging technology and advancement in existing technology – Utah ranked equal with Oregon, but behind all other states in the study.
- Venture Capital: Of the states compared, only New Mexico ranked lower than Utah in funds received by in-state companies.
- Predictability of State/Local Government: This is a measure of confidence of the strength of Utah “invest-ability.” Utah ranked ahead of Oregon, equal with New Mexico, but behind all the other states.

For a case example in how to effectively build a strong base of private capital, we need look no farther than our neighbor to the east, Colorado. Between 1991 and 2000, 65.2 percent of all traditional venture capital investment dollars went to companies located in just five states — California, Massachusetts, New York, Texas and Colorado.

Colorado, a sister state to Utah with similar resources, has established a stronger base of private capital than Utah. Moreover, Colorado is ranked third out of all U.S. states in its appeal to the high-tech sector. Why is this? One reason is that Colorado's Governor Bill Owens has personally focused on growing Colorado's investment community, and has supported legislation action to create an inviting environment for investors. In February 1999, Governor Bill Owens created the cabinet-level Office of Innovation and Technology. The goal of that office was to make Colorado a favorable business climate to attract targeted companies and investments. Clearly they have made progress.

The extent to which Colorado companies have been able to attract investment capital over the past several years proves the strength of such a program. Capital invested in Colorado quadrupled between 1998 and 2000. Investment has slowed due to a soft economy in recent years, but Colorado companies continue to attract their share of capital investment, and Colorado has maintained one of the strongest bases of capital in the country.

Investment capital for Utah businesses is currently available from many sources, both private and governmental. I believe that these sources of capital can be utilized along with tax incentives, to form strong regional centers of economic growth that result in good jobs and significantly increased tax revenue for the state.

1. PRIVATE FUNDING SOURCES FOR UTAH COMPANIES

Ideally, all capital invested in businesses should come from the private sector, and there are many types of private funding available to Utah businesses including:

Bank Loans

Throughout Utah's history, our banks and other lending institutions have provided loans and capital to help start and grow many of Utah's most successful businesses. It is very rare that any successful brick-and-mortar business has not used some form of loan or line-of-credit at one time or another. These loans are often the best (and sometimes the only) option for companies whose products and services may not attract private investors, or for companies in a stage of growth that is not appealing to outside investment. Furthermore, most bank loans are provided with relatively limited restraints or controls on the management of the business. This leaves business owners free to follow their own ideas and take the company in the direction they deem best. Finally, bank financing allows business owners and entrepreneurs to avoid selling ownership in their companies to outsiders, increasing the odds that they can eventually pass a family business from one generation to the next – something that helps keep companies in Utah for many years/generations. In many cases, bank loans provide the best and only form of capital for Utah businesses.

Mezzanine Funding

A second alternative, largely used by more mature companies, is so-called mezzanine funding. This type of funding combines the features of debt and equity, and is often used to help middle-stage businesses expand. This type of capital is limited in Utah and needs to be made more available to middle and later-stage companies.

Venture Capital and Private Equity

A third alternative for obtaining private capital is from a venture capital or private equity firm. This type of capital is particularly appropriate for early-stage, Utah-based businesses. The entrepreneurial and

managerial assistance provided by a good private investor can also be a great benefit to these companies.

Venture investors may also provide follow-on financing for successful companies they are now working with. In other words, as companies continue to grow and create high-paying jobs, they often raise follow-on capital to fund their growth. Finally, venture capital often has the characteristic of being contagious in that, venture capital often spawns more venture capital. One good investment experience in a Utah company will generally bring more venture investments to Utah.

Angel Financing

Angel financing is an important source of funding for very early-stage companies that are just getting started and are not yet ready for venture funding. Utah lacks organized methods of allowing companies to get capital from angel investors.

2. GOVERNMENTAL FUNDING FOR UTAH COMPANIES

As a candidate for Governor, I do not believe it is the government's primary job to finance new companies, when the private sector is set up to address these needs in a much more efficient manner. Government can, however, play a crucial role in the success of the financing process by facilitating access to different sources of capital.

For example, many states have been successful using appropriated money and tax incentives to build industrial centers, which act as magnets for future economic growth. These industrial centers attract businesses to the area, along with additional interested investors. The net result is an increase in the number of high-salaried skilled jobs in the state, without the state actually funding companies directly.

On a federal level, each year the U.S. government appropriates funds in the form of grants or gifts to encourage economic growth, and states compete for these funds. Unfortunately, Utah's track record of attracting federal dollars has not been as strong as it

could be. Utah receives less federal grant money for business development projects than any of our peer states and ranks among the bottom tier of all states in grant money received. Furthermore, Utah is the 34th most populous state, but ranks 49th in per capita federal spending. We can and must do much better for Utah.

Proposed Solutions:

For Utah businesses to maximize growth, the government of Utah must do its part in capturing available federal funds and in creating an attractive environment for capital investors. As Governor of Utah I would lead our efforts to attract more capital, from all available sources, for Utah companies. These efforts would include:

1. IMPROVE ACCESS TO PRIVATE SOURCES OF CAPITAL

- Support legislation friendly to Utah's lenders.
- Provide support for new and existing angel and venture firms in Utah.
- Attract additional venture firms to Utah.
- Publicize Utah successes like Altiris and Overstock.com to attract more capital.
- Tap into leading investors with links to Utah. For example, there are many leading venture capitalists who have second homes in the state. We can leverage their connection to Utah to bring more of their capital to Utah businesses.
- Consider pooling funds from multiple state and local lending institutions. This approach is fairly common for Community Reinvestment Act work, but has also been done for business development.
- Evaluate changes to Community Reinvestment Act rules to provide and maintain these funds within Utah.
- Attract funding from private sector foundations. For example, the Ford and Kellogg Foundations fund different types of rural development initiatives both internationally and in the U.S. We can access these types of funds for Utah programs, particularly for rural development.

2. SUPPORT AND EXPAND STATE INCENTIVES

FOR INVESTMENT CAPITAL

- Support the implementation of H.B. 240 (the "fund of funds" legislation).
- Expand upon this initiative by considering a second fund-of-funds bill specifically targeted to mezzanine and middle-stage financing. This would provide badly needed capital for this critical group of job-creating businesses that are ready to expand in Utah.
- Borrow best practices from other states' efforts and develop our own creative initiative to further raise the level of available seed capital for small businesses.
- Profitably direct state incentives to rural communities in Utah, to spread the benefits of economic growth and to reduce growth-related pressures on the Wasatch Front.

3. SECURE MORE FEDERAL GRANT MONEY FOR UTAH COMPANIES AND PROJECTS

- Further support and promote the activities of the EDCU to help new and established companies attract federal money for product and project development.
- This service could be fee-based, or a percentage of money received could be used to pay for its cost. Thus it could be a self-supporting service.
- More effectively access sources of federal funding for Utah companies.



KEY #5: **PROMOTE GROWTH IN TARGET INDUSTRIES**

Issues and Analysis:

As Governor of Utah, I will foster the long-term development of targeted industry clusters that drive innovation, produce high-value products and services, and create high-paying jobs for the citizens of our state.

Industry “clusters” are geographic concentrations of companies and associated institutions that include all of the components related to the production of a particular good or service. Within a cluster, competing and collaborating organizations, individuals and companies coexist. A geographic cluster of high-performance organizations triggers “virtuous circles” for each type of participant; essentially the whole becomes greater than the sum of the parts. In Silicon Valley, for example, many companies produce competing software. However, these companies and local universities also collaborate with each other, which has a positive economic impact on the cluster. That is to say, good education within a cluster’s community results in a better educated workforce, which in turn improves the quality of education in the cluster. Clusters offer several competitive advantages, which include access to a good workforce, increased productivity and innovation, competitive prices from goods and services suppliers and access to optimal information, institutions and educational/social facilities.

Clusters develop largely in one of two ways. In the San Francisco Bay Area, for example, growth was organic and came from natural strengths such as local schools, entrepreneurs, companies and the financial community. The second way in which clusters develop is through planned growth strategies as in

Malaysia, Singapore, Houston and North Carolina. Malaysia and Singapore have developed a concentration of high-tech and other industry clusters using tax incentives, corporate subsidies and other initiatives to attract a good workforce and generate growth. However, this assistance does not necessarily have to come from the government; it can also be generated by industry. In Houston, for example, the business sector made a specific effort to attract companies such as Compaq, expand Continental Airlines and encourage the development of its high-tech and medical sectors. This was a conscious effort by Houston to offset the oil industry-induced recession of the 1970s. Technology and transportation clusters emerged as a result, and these sectors remain relatively strong today.

Another good example of how a vibrant industry cluster can be created with planning is evident in North Carolina’s Research Triangle Park.

Currently, the State of Utah has a number of initiatives underway that are designed to promote the development of strong industry clusters, including the following:

1. GROUPS AND ASSOCIATIONS:

Utah State's Space Dynamics Laboratory

Started more than 40 years ago with a faculty members' involvement in the V-2 rocket project, it has turned Utah State University into one of the nation's biggest players in the aerospace industry. Utah State's Space Dynamics Laboratory brings in more than \$60 million each year in grants and research funding and has positioned itself among the nation's top colleges in scoring space projects. It is one of only a handful of schools designated as a University Affiliated Research Centers, which allows the lab to secure government contracts with much less bureaucracy than other contenders.

Utah Information Technology Association (UITA)

UITA is a state-wide industry association representing the information technology industry. Utah currently has approximately 2,600 related companies. The primary focus of the association is to help technology businesses raise capital, develop management talent and provide networking opportunities. UITA members played a key role in the creation of the new “fund of funds” legislation designed to channel more venture capital funding to Utah companies.

Utah Life Sciences Industry Association (ULSA)

ULSA represents the biotechnology industry much the same way that UITA works with information technology companies. There are several hundred biotechnology-related companies in Utah, but also important are the supporting resources. The University of Utah has one of the nation’s top medical schools. Furthermore, with the establishment of the Huntsman Cancer Institute and Huntsman Cancer Research Hospital, many of the world’s leading scientists have moved to Utah to work on cures for cancer.

Utah Technology Alliance (UTA)

The UTA is a loose “alliance” of venture capitalists, entrepreneurs, business executives, industry associations, academic leaders and economic developers. The goal of this organization is to position Utah as the best location to grow and nurture high tech companies. Specific initiatives of the UTA include the promotion of Utah’s “Economic Ecosystems” (industry clusters initially identified as biotechnology, medical devices, digital media and web services) and the implementation of a “Smart Sites” initiative designed to promote growth in rural Utah.

Utah Travel Council

The Utah Travel Council promotes the wide array of resources Utah has to offer such as: adventure travel, national parks, ski resorts, mountain biking to name just a few.

Utah Film Commission

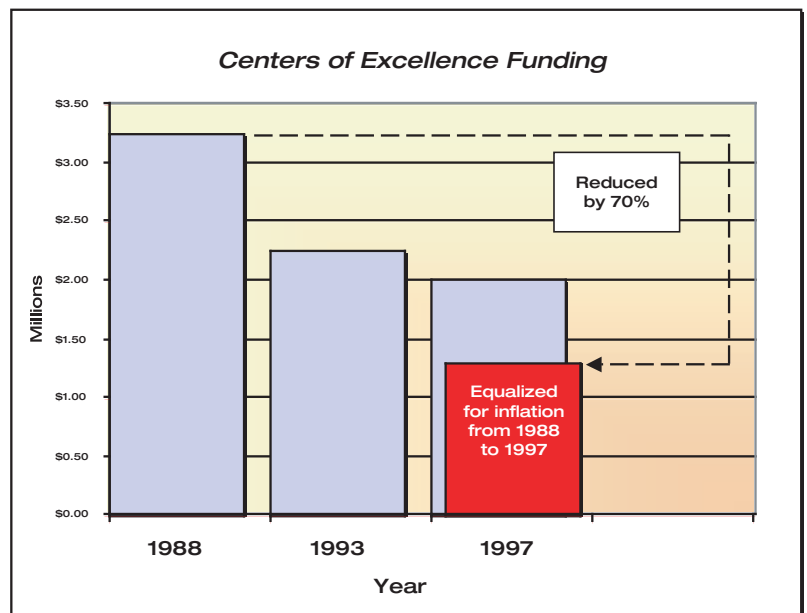
Promotes Utah’s film industry attractions and provides a directory of Utah-based filming professionals and crews.

2. STATE-SPONSORED PROGRAMS

Centers of Excellence Program

Formed in 1986, this program is designed to build on the legacy of technical innovation in Utah. Centers provide funding for university faculty members working on projects that do not qualify for federal grants. These projects generally involve market-driven applied research projects, development of prototypes and the associated business planning necessary to successfully commercialize promising new technologies. In other words, these are generally projects that have the potential to create new technology-oriented companies in Utah. The Centers of Excellence Program requires 2-to-1 matching funds with non-state funds.

As the graph below indicates, funding for the Centers has decreased substantially since 1988:



In general, this is a good program with significant potential to boost Utah's economy, but it has been dramatically under-funded.

Utah Science Center

The Utah Science Center @ Library Square will be a major regional interactive science center located in Salt Lake City's historic Main Public Library Building. The center aims to enhance the state's national and international image in science and technology by showcasing Utah's research, engineering and development activities

House Bill 240 (\$100 million Fund of Funds)

As discussed, this was designed to attract VC investment in the region.

3. STATE INCENTIVE PROGRAMS

House Bill 316

Passed to provide significant tax incentives (30 to 50% rebates on new taxes generated) for aerospace companies moving to Utah. Initially targeted at Bombardier's possible move to a new facility at Ogden Gateway Center near Ogden-Hinckley airport.

Sales and Use Tax Exemptions

Focused on purchase of manufacturing equipment.

Industrial Assistance Fund

Focused on job creation, this fund has a budget of approximately \$12 million.

Training

Focused on manufacturing.

Industrial Development Bonds

A financing tool used by private sector developers for manufacturing facilities. Applicant must meet federal guidelines, there are no additional Utah requirements. Funds are limited to \$10 million per project, up to an aggregate of \$40 million for a developer nationwide. 95% of bond proceeds must be used for manufacturing facilities, and local communities must pass an inducement resolution.

Research and Development Tax Credits

These credits offset up to 6% of the cost of new machinery and equipment (including computers and software) and other "qualified research expenses" in excess of base amount.

RDAs and EDAs

Local government tool related to property tax incentives. Sometimes called tax-increment financing, they are used to assist new projects that will create additional property tax revenues.

Proposed Solutions:

As Governor, I will develop a long-term plan to foster the growth of high-value, 21st Century industries in Utah. In doing so, we need to set our sights on a diverse set of industries, focusing on the high-paying sectors of tomorrow that Utah is well-situated for today. As Governor, I will work with the state Legislature to create a coordinated and efficient set of programs and incentives, to allow Utah to attract and retain a critical mass of activity in each target industry.

1. FOCUS ON THE RIGHT INDUSTRIES FOR UTAH'S 21ST CENTURY

Given Utah's tremendous asset base, there are many potential industry areas where we could focus our efforts. I believe that the following areas represent some of our more promising opportunities to develop strong regional economic clusters. These centers will be known nationally and internationally for their level of excellence.

Internationally Branded Healthcare (IHC, University of Utah and others)

Based on annual surveys and other measures, Utah has very well-regarded hospitals and practitioners. This is a fact that most Utahns are aware of, but it is not something that we publicize nearly enough. As Governor, I will work with our healthcare providers to get the word out about the excellent institutions we have here in Utah. Utah can become a prime

destination where people from throughout the U.S. and the world come to get the best treatment and advice for all kinds of diseases (such as the famous Mayo Clinic in Minnesota). We have already made great strides in certain diseases such as cancer, with the Huntsman Cancer Institute. But we need to do more to make Utah an internationally-branded healthcare center of the highest quality. Specifically, I would emphasize focus in at least three possible areas:

Children's Care: Given Utah's demographics we should absolutely, positively have the world's finest medical care for children. We already have a quality facility in the Primary Children's Medical Center, and this could serve as a great foundation for future growth in this area. Utah should push hard to be recognized as the best place in the world for children's healthcare. One way to make this happen is to establish a reputation for being the very best with the toughest problems (e.g., children with cancer).

Preventive Medicine: Utah has a natural base for this area, because we are constantly rated as one of the healthiest populations in the U.S. This is partly because of our high quality of life and our generally healthy lifestyles and we can parlay this reputation into a strong clinical expertise focused on preventive health care that includes nutrition, exercise and medications as part of our approach. Utah could also build cross-discipline specialties that focus on prevention and detection and become the best known in the world for these areas of expertise. Comparable examples include the Stedman Clinic in Colorado that is well known for treating knee injuries.

Geriatric Care: This is a very real specialty, since seniors often react differently to medicines, treatment and other medicinal combinations. This is a huge and growing issue and Utah is well positioned to address it.

If Utah is successful in this critically important area, there would be many possible benefits, including the following:

- Many jobs including high-paying medical jobs, and also good base support positions.
- Substantial job base in a growing industry that is not as susceptible to recessionary pressures as other sectors (i.e., people need healthcare in both good economic times and bad economic times).
- Even better healthcare for the citizens of Utah right here in our own backyard.
- Greater ability to attract federal research funding.
- Creation of multiple spin-off companies in the healthcare, biotechnology, medical device and pharmaceutical sectors (more high-paying jobs).
- Health-based tourism. This could include patients coming to Utah to seek out the best treatment. It could also include practitioners coming to Utah for conferences and meetings to learn from the best in the world in their respective fields.

► ***“Rarely has anyone achieved the level of professional experience and success in one field that Jon Huntsman, Jr has achieved in three – business, government service and charitable causes. Utah's problems are complex and require multifaceted solutions that only Huntsman can provide. Jon Huntsman, Jr. has the right experience at the right time for Utah.”***

► ***Russ Skousen
Attorney/Salt Lake County
Councilman***

Biotechnology, Bioinformatics and Pharmaceuticals (NPS, Myriad, and others):

Largely as a result of its long history in genetic research, Utah has already established itself as a respected player in these healthcare-related fields. We should continue to build upon these strengths and encourage the maturation of these companies (that is, do everything we can to establish more of them, and keep them in Utah).

Defense and Aerospace (Hill Air Force Base, Utah State Space Dynamics Laboratory)

Utah ranks 9th nationally in aerospace jobs per capita. This is a good base to develop going forward. This high ranking is due in part to Cache Valley's Utah State's Space Dynamics Laboratory which has the potential to become "Space City USA."

Furthermore, the importance of Hill Air Force Base cannot be overstated. It employs more than 23,000 people and its payroll exceeds \$838 million. In 2002 figures, Hill's total annual impact on Utah economy is more than \$2.5 billion. This is because Hill attracts vendors such as Boeing Inc. and L-3 Communications along with its high skilled jobs to Utah.

Medical Devices (Bard Access Systems)

The Salt Lake City area is one of the largest medical device economies in the nation; specifically in the area of vascular access (i.e. venous access) it is certainly the largest in the world by far. Depending on the type of product, companies such as Becton Dickinson and Bard Access (a Utah company) supply between 40% and 90% of the market.

Although this industry sector is already strong in Utah, opportunities exist to create more jobs by promoting the formation of companies that service this sector. Moreover, leaders in the device industry have suggested that our universities need to be more actively engaged in this area. Currently, research dollars, consulting contracts and other opportunities are leaving the state. This is a huge inconvenience and cost for these companies, and also a lost opportunity for Utah's economy.

According to industry leaders, there is currently very little interaction between the state and the medical device community. As Governor, I would designate senior state officials to work with the ULSA and the University of Utah Advisory Boards. In so doing we could identify the needs of the various parties and promote cooperation to expand this valuable sector of our state economy.

Technology Sector

This sector includes: (i) software and networking (Novell, Altiris, PowerQwest, LanDesk and others); (ii) video games and graphic design; (iii) wireless technology; and (iv) internet-based services, and more.

Financial Services

Salt Lake City has proven itself as a strong regional banking hub. We should continue to maintain and strengthen this sector because it will produce high-paying jobs and also provide a ready source of capital for Utah businesses. For example, Salt Lake City-based UTFC is benefiting many Utah-based firms with much needed capital by pooling, leveraging and investing Community Reinvestment Act monies from numerous national financial institutions with operations in Utah. Furthermore, Utah is home to approximately 35 Industrial Loan Corporations (ILCs) that manage in excess of \$150 billion in assets.

Filming Industry

Utah has created a meaningful presence in the filming sector, but much more can be done to expand this area. Filming organizations are attracted to Utah because of our geographic beauty and our talented, flexible workforce. However, we are losing much of this business to Canada, Louisiana and New Mexico because we are not aggressive enough. This industry can generate substantial benefits for Utah's economy. Each segment of *Touched by an Angel* (a television series that was filmed in Utah) contributed an estimated \$300,000 to the Utah economy. Work in this industry also has the benefit of showcasing our great state to the entire world.

Clean and Renewable Technologies

These include solar, wind, biomass, geothermal, hydrogen, etc. Utah should position itself as a leader in renewable energy technologies, and not lose opportunities to other western states like New Mexico and Colorado who are pursuing this area aggressively.

Homeland Security (Attensity, Oakley Networks, Senforce, Forum Systems and L-3 Communications)

Outdoor Recreation (Black Diamond)

Included in this segment are opportunities for tourism, but also to develop outdoor-related companies such as retail shops and product manufacturers.

2. DEVELOP PROGRAMS AND INCENTIVES TO ENCOURAGE CLUSTER DEVELOPMENT IN TARGETED INDUSTRIES:

Whatever our target sectors, Utah must create the right incentives and programs to get the clusters started. These should be well-coordinated and efficient. They should also be targeted specifically toward the sectors in which Utah is naturally competitive. As Governor, I would encourage the following types of targeted incentives:

- Increase research and development tax credits to encourage investment in targeted industries.
- Amend Industrial Assistance Fund statute to permit funding to targeted industries with milestones based on state benefits other than job creation.
- Increase funding to Centers of Excellence Program and ensure that the committee is well represented by targeted industries.
- Consider state bond funding for development of a business accelerator in the University of Utah Research Park. Research Park has a disproportionate amount of research and clinical centers and not enough commercial organizations. Furthermore, Research Park is the location of choice for entrepreneurs and companies being spun out of the University of

Utah, yet it has the most expensive real estate, forcing companies to locate in areas where synergies are not available. Example: much of San Diego's growth has spun out of a concentration of companies along La Jolla Mesa, and our state should foster that type of ecosystem in Research Park. As Governor, I would lead the development of a business incubation center in Research Park to accelerate the development of commercial companies in a low cost, high synergy environment. Ultimately, this will lead to more high-paying jobs for Utah in a shorter period of time.

- Support the formation of another research park in Utah. This park should be a consortium of research universities, community colleges (training) and private sector.
- Amend HB 316 to attract large companies in targeted industries, such as pharmaceuticals, medical device and software.
- Expand sales and use-tax exemptions for benefit of purchases in targeted industries.
- Develop system to hold universities accountable for increasing the performance of technology transfer offices and measurement to include new company generation in targeted industries.
- Support university endowments focused on targeted industries
- Administer fund of funds to attract venture capital (VC) firms focused solely on certain targeted industries, such as life sciences, software or energy.



KEY #6: ENHANCE UTAH'S NATIONAL AND INTERNATIONAL IMAGE

Issues and Analysis:

Current perceptions of Utah both nationally and internationally are not necessarily conducive to increasing economic development in our state. As an example, a recent survey queried national business executives about perceptions of Utah and its peer states in the region. In one question, respondents were asked what three things would best describe their impression of Utah and other states. For Utah, the highest recorded responses were (1) big families, (2) Mormons and (3) conservative. The responses for Colorado were (1) snow, (2) mountains and (3) recreation.

Respondents were then asked, “If Colorado enjoyed these traits in more abundance than Utah, why then was Utah chosen for the 2002 Olympics?”

Respondents understood the question but indicated they had never thought of that point. In business surveys inquiring about Utah as a place for business, respondents’ highest impressions include (1) the Olympics have created a new awareness of Utah, (2) Utah has few taxpayers and lots of children and (3) Utah has very few incentives and high taxes.

Utah has a great story to tell and the results of these surveys show that we can do a much better job of telling it.

Proposed Solutions:

For Utah to stimulate economic development in business, convention trade, tourism and living in Utah, we must enhance our national and international image. We want to be known as an attractive place in which to do business, to visit and to live. I believe this can be achieved by launching a proactive, “best in

class,” Utah image improvement effort. Specifically, the following measures should be considered and enacted:

1. ASSESS CURRENT STATUS OF UTAH'S IMAGE NATIONALLY AND INTERNATIONALLY

Identify locations where Utah’s image is positive and those where it is negative, or altogether unknown. Match findings against list of locations where the greatest opportunities exist for attracting business, convention trade, tourism and future Utahns.

2. BENCHMARK CURRENT UTAH IMAGE- IMPROVEMENT EFFORTS AGAINST “BEST-IN- CLASS” STATE AND CORPORATE PROGRAMS

Identify current positives in Utah image-improvement efforts. Identify “best in class” efforts of other states, countries and corporations that could be made a part of Utah image-improvement efforts (e.g., Singapore, India and Germany have excellent programs).

3. UPDATE AND UPGRADE MATERIALS USED TO PROJECT UTAH'S IMAGE

Update and upgrade materials used to project Utah's image to assure that our materials are “best in class” and that they project Utah’s image as “The Place” to be. Factors to feature should include Utah’s educated workforce; work ethic; cultural diversity; research capabilities; availability of stay-at-home moms and senior citizens who can work from home offices; availability of broadband to facilitate virtual offices; Utah’s four seasons; availability of outdoor recreation facilities; good living conditions; and commitment to education.

4. PROACTIVELY INCREASE AWARENESS OUTSIDE UTAH THAT “UTAH IS THE PLACE” FOR BUSINESS, CONVENTION TRADE, TOURISM AND GOOD LIVING:

5. ENHANCE THE IMAGE OF SMALL AND MEDIUM BUSINESS SUCCESS IN UTAH:

Improve the appearance of small- and medium-business exteriors in order to project a crisp, clean image of success. Initiate clean-up, fix-up, paint-up campaign in downtown and light industrial locations starting with those in locations that are central for Utah visitors. Promote greater use of RDA and EDA money to facilitate this.

6. ESTABLISH DIRECT LINE OF CONTACT BY GOVERNOR

As Governor, my first priority will always be to local business expansion. In addition, I will set aside a significant portion of my time to make contact with the CEOs of Fortune 1,000 companies, national and international media groups, and other organizations. I would use these opportunities to personally deliver the message of why Utah is the best place in the world to do business.

7. FORMULATE TRADESHOW RECRUITING PIPELINE LIST

Research and gather data of all the major tradeshow that will be held in the upcoming calendar years and the revenue that would be generated for the state if these shows were held in Utah. As Governor, I will also use the largest industry trade shows in Utah as an opportunity to invite CEOs to see Utah while attending the show.

8. PROMOTE UTAH AS A YEAR ROUND VACATION SPOT

Change the perception that Utah is only a “winter getaway.” Tout fishing and hunting, for instance. Promote the cost-effectiveness that a Utah getaway offers. Create educational materials on “Things to Do” in Utah and develop a cost-efficient media program to get this message to our target audiences.

This approach could include some use of targeted television advertising. Promote awareness that although Utah has the lowest per-capita alcohol consumption, liquor is certainly available for responsible consumption.

9. PROMOTE THE LEGITIMATE BUSINESS ACTIVITY THAT UTAH FOSTERS

Industries that are flourishing in Utah need to be promoted to change the old perception that Utah is connected with penny stock offerings and fraud. Utah is #1 in entrepreneurial start-ups nationwide. The ethics, work ethic and education fostered within Utah, promote new ideas and innovation. Nationally and internationally-known companies have their roots in Utah.

► ***“Utah needs a Governor who can deliver on the promise of better jobs and improved education for our children. Utah is at a critical point where citizens must decide who can lead them forward in the future. Jon Huntsman, Jr. is the leader Utah needs now. He’s a proven winner and a man everyone should be proud to call Utah’s Governor. He’s a clutch performer and a man I trust to get the job done. I strongly support Jon Huntsman, Jr. for Governor and encourage you to do the same. Let’s win in November!”***

► ***Steve Young***
Former NFL Quarterback



KEY #7: CAPTURE GLOBAL OPPORTUNITIES FOR UTAH COMPANIES

Issues and Analysis:

A small but efficient Utah state office for international trade should be established to take advantage of key state products and services. This could also be accomplished in a public-private organization, and could help Utah companies sell more of their goods and services overseas in today's highly competitive marketplace.

There can be no doubt that we now live in a global economy, one in which barriers to entry for international trade have never been lower. Utah needs more high-paying jobs and increased revenues, and one of the meaningful steps we can take to accomplish these goals is to help Utah companies sell their goods and services on an international basis more effectively.

Proposed Solutions:

As Governor of Utah, I will bring to bear my international experience in business and trade relations to open up global markets for Utah businesses. We have done some good things in this area, but much more can be done, and the result would be more high-paying jobs for Utah. Many Utah companies have export-ready products, but these products are not reaching their full potential due to the difficult and time-consuming nature of shipping products internationally. I believe that more effective public/private organizations can help companies overcome these obstacles by: (1) increasing public awareness about export opportunities, (2) opening markets and (3) providing assistance and counseling. State agencies can provide targeted assistance directly to our companies, which is not readily available from federal trade promotion programs.

My efforts to strengthen Utah's presence in the international trading community would be focused on the following key areas:

1. LEVERAGE MY INTERNATIONAL EXPERIENCE AND RELATIONSHIPS TO BENEFIT UTAH

As Governor, I will leverage the relationships and experience I have gained from serving in senior positions within the U.S. Department of Commerce, as a U.S. Trade Ambassador responsible for all U.S. trade relationships with Asia and Africa and as the U.S. Ambassador to Singapore. These experiences have given me a wealth of relationships and knowledge in many foreign countries: countries that represent prime market opportunities for Utah goods and services. I also have strong relationships with all of the federal departments responsible for overseas trade, and would work closely with these offices to benefit Utah companies.

2. BUILD CONNECTIONS WITH OVERSEAS OFFICES TO FACILITATE GROWTH WITHIN KEY INTERNATIONAL REGIONS

Utah does not have overseas offices, and instead uses 'voluntary networks.' Apparently these are loose networks mainly established informally by people with Utah family or cultural ties around the world. We should focus our efforts in key international trading hubs such as Germany, London, Ireland, Singapore, Beijing, Tokyo, Israel (a major technology hub), and Latin America.

3. PLACE AN EMPHASIS ON CALIFORNIA BUSINESS

California has an economy larger than all but a few countries. It makes sense to include them in efforts for increasing their use and dependence on Utah products. With our relative geographic position, and interstates 15 and 80 providing convenient access to and from California, the infrastructure is already available.

4. APPOINT A WORLD-CLASS ADVISORY BOARD FOR INTERNATIONAL TRADE

This board would consist of individuals with Utah roots who have succeeded in the world of international business, trade and commerce.

► *“I believe that the Governor of the state is the most effective person to lead us in improving the economic climate for business, and I am convinced that Jon Huntsman Jr. is the most qualified and capable candidate to fulfill this responsibility. He has demonstrated his ability to lead in very difficult environments throughout the world as well as here in Utah and has a thorough grasp of the critical issues and a very well thought out plan for execution. If our economy is robust, all other challenges with which we are faced become easier to deal with, and Jon is the man for the job!”*

► *John L. West
Managing Director,
Cottonwood Partners*



KEY #8: PROMOTE TOURISM

Issues and Analysis:

During the 2002 Winter Olympic Games, Utah played host to the world. The Games were widely recognized as one of the best organized Olympic Games in history, and Utah received very positive feedback as a quality, family-oriented travel destination. Unfortunately, we have not taken full advantage of the opportunity presented to Utah by the Olympics. Even our neighbor, Colorado, is attempting to out-manuever Utah for ski tourism by putting forth adds that say, “Come to the Rocky Mountains, home of the 2002 Winter Olympics.” We cannot allow this to happen.

The viability of any economy is in large part due to the strength of its export industries. Economically speaking, tourism is an export industry for Utah because it attracts outside revenue for a product that is “produced” within the state. Tourism remains the top export of many western states, and of the western region as a whole. It generates a large amount of revenue originating from outside the region, and creates a niche demand for local goods and services. Because tourism generates significant revenues and brings in outside spending for Utah, it must be a priority in our plans for economic revitalization.

The good news is that tourism is strong in Utah, and it must remain strong for us to maintain a healthy economy. Tourism for Utah is a multi-billion dollar export product. The number of people visiting the state is healthy, and the people that are coming are spending money here that largely stays here.

Estimated 2003 year end results* are:

- 17.2 million visitors.
- \$4.2 billion in traveler spending for the Utah economy.

- \$341 million in state and local tax revenues (\$486 per Utah household).
- 103,585 jobs in travel and tourism-related industries (9.6% of total Utah non-farm jobs).

* Note: figures are estimates from the Utah Division of Travel Development

Tourism has a track record of creating good jobs in our state. Over the past 10 years, the average hourly earnings for jobs in the tourism sector have grown faster than nearly all other service industries in Utah, with the exception of finance, insurance and real estate. Employment in higher salaried positions in travel and tourism is predicted to grow twice as fast as employment in the overall economy by the year 2006.

Another advantage of promoting tourism is that it requires a minimal investment in additional infrastructure and resources, unlike many other industries. Utah has been blessed with great natural resources, national parks, beautiful scenery, and the greatest snow on earth. For example, in 2003 there were approximately 5 million visits to Utah’s five national parks, and an additional 4.9 million visits to the state’s eight national monuments and two recreation areas. Whether Utah’s attractions are on federal, state or private land, tourists still support hotels, restaurants and other local business when they visit these areas. This support generates jobs and tax revenues for Utah.

The benefits of tourism are well understood by other states, regions and nations. If Utah is to maintain and grow its position in the tourism market, it must remain competitive with other states such as Colorado. In nearly all cases, our primary competitors spend more on their marketing efforts than Utah, in part to attract more of our state’s primary customers. There are serious ramifications to our economy and tax base if our market share is

diminished, not to mention the potential benefits of growing our market share. The bottom line is that tourism brings in revenue that largely stays here, and other state and regional entities are competing for the same revenue.

Proposed Solutions:

As Governor, I will work to help Utah regain the momentum that was established in 2002. Increasing tourism in Utah will provide two primary benefits over both the near-term and long-term. First, tourism will provide Utah with needed tax revenues to offset growing costs in education and other important areas. Importantly, these revenues will come from a largely-established infrastructure and will be received over both the near-term and long-term. The second major benefit of increased tourism is the exposure that our state receives to business, government and other leaders from across the country and around the world. This positive exposure will help Utah improve its image and attract companies (and jobs) to Utah. These benefits will accrue mostly over the long-term, and go hand-in-hand with the other elements of my economic plan.

I would focus my efforts on supporting the following key areas that will increase value added tourism for Utah:

1. SUPPORT CURRENT INITIATIVES TO INCREASE UTAH'S MARKETING EFFORTS

We need to be competitive with other states, and effectively showcase Utah's resources. Sources

estimate that this would provide the following benefits to Utah:

- Encourage more than 5 million additional visitors to the state.
- Additional \$1.4 billion in spending for Utah businesses.
- Tax revenues would increase by \$109 million (\$81 million state; \$28 million local).
- Program returns \$4 to state government for every \$1 invested.

These numbers show that tourism is a good investment for Utah and will produce a good return on our investment.

2. STRATEGICALLY INCORPORATE TOURISM INTO MAINSTREAM ECONOMIC DEVELOPMENT

Funds to promote travel and tourism should be raised primarily from private sources and be managed through greater public-private collaboration.

3. ACTIVELY PROMOTE RESPONSIBLE HUNTING, FISHING AND OUTDOOR RECREATION

4. RECRUIT CONVENTIONS, CONFERENCES, AND INDIVIDUALS

5. INCREASE THE REINVESTMENT OF TOURISM GENERATED REVENUE FOR THE BENEFIT OF GROWTH IN THE TOURISM INDUSTRY





KEY #9: **ENERGIZE ECONOMIC DEVELOPMENT IN RURAL COMMUNITIES**

Issues and Analysis:

Utah's rural communities are a big part of what makes our state unique, but these areas are suffering economically. As Governor, I will work to revitalize jobs and prosperity back to Utah's rural families.

While largely missing out on the nation's technology boom, rural America has not missed out on America's recession. National statistics show that rural areas are eroding faster than metropolitan areas, and Utah is no exception. Rural Utah has not been part of the economic growth that other areas of our state have enjoyed. At a time when technology has enabled the most expansive reach of communications, rural America remains largely overlooked. Utah's rural communities are no exception to this trend. This must be changed.

I have seen up close, in my experience as a Trade Representative for the United States, that the new global economy works in spite of physical boundaries. This is largely due to advances in the internet and telecommunications, and this technology must be put to work for rural Utah. Our rural institutions of higher education are also in a position to play a supporting role. Many economists feel that rural areas in America lack the population and critical mass upon which to build economic growth. I do not believe this is true of rural Utah.

Proposed Solutions:

My family's roots trace back to Fillmore. I know rural Utah, and it is full of hardworking individuals who know the value of a hard day's work. If India can manage customer support for American companies from several continents away, then I believe rural Utah has the ability attract its share of the global economy. What we need is a Governor who is willing to fight for

the citizens of Utah's rural communities – one who has the experience and leadership in the global economy to expand economic prosperity for all. I believe that Utahns should not be forced to choose between a good job, and living where they want to live and raise their families. I will fight for jobs for our entire state.

My plan for bringing prosperity to rural Utah includes the following:

1. FACILITATE ACCESS TO CAPITAL

- Support tax incentives for economic development in rural Utah.
- Capture federal funds for the development of rural America.
- Promote successful rural Utah companies and projects.

2. PROMOTE THE DEVELOPMENT OF “CENTERS OF MASS” NEEDED TO ATTRACT ECONOMIC OPPORTUNITIES

- Instigate regional cooperation with local leadership and communication.

3. PROMOTE RURAL UTAH'S POTENTIAL TO NATIONAL AND INTERNATIONAL MARKETS

- Natural and agricultural resources.
- Other great benefits like strong work ethic.

4. ACTIVELY SOLICIT NEW MARKETS FOR RURAL UTAH PRODUCTS

- Work to promote “Utah's Own” program.
- Work with rural educational institutions to create centers of excellence that have ties to growth industries.

5. ENCOURAGE AND INCENTIVIZE STUDENTS TO ATTEND OUR RURAL INSTITUTIONS OF HIGHER EDUCATION

6. PROMOTE NATURAL RESOURCE DEVELOPMENT

If we are to help our rural communities grow economically, we must fight for the freedoms they need to grow their industries. Utah has an abundance of natural resources, the development of which will be good for the economies of rural communities, good for the state and good for the country.

Utah has large deposits of clean burning natural gas, which is in increasingly great demand across the country. Development of Utah's natural gas beds and oil reserves will add to the national supply and help drive prices down, while decreasing our dependency on overseas sources of energy. The same can be said for Utah's low-sulfur, clean-burning coal. The coal in our southern counties is both economically and environmentally desirable. This country still relies heavily on coal for energy, and as long as that is the case, Utah can and should play an important role in supplying the nation with this abundant source of energy.

The natural resources on Utah's public lands, and the land itself, belong to all the American people and can be used responsibly for the public interest. As Governor, I will fight to protect access to and responsible use of public land for resource and other development, grazing, hunting, fishing and recreating.

7. PROMOTE FOREST MANAGEMENT AND FIGHT AGAINST FRIVOLOUS LITIGATION AND OTHER OVERZEALOUS TACTICS

Last summer, in Utah and other western states, ravaging forest fires that devastated communities were fueled in part by overzealous environmental activists who use frivolous litigation and other tactics to prevent healthy forest management. This summer, we will likely see millions more acres of our forests burn, as trees killed by bark beetles and other infestations serve as accelerants for forest fires. As Governor, I will see that my administration aggressively fights such damaging affronts, and will ensure that our state forestry policies create an environment that truly fosters healthy forests and public lands.

8. PROTECT PRIVATE PROPERTY RIGHTS

Utah has a proud heritage of respecting private property rights. Too often we infringe on those rights and limit a landowner's ability to make a living on his land. While there are good reasons to have some regulations in place to keep our communities safe and clean, as Governor, I will fight to defend property rights from over regulation and from government "takings." I believe that no one loves a piece of land more than the family that owns it. If we are to help our rural communities thrive, we must ensure the ability of landowners to work their land responsibly.

9. RESPONSIBLE WILDERNESS

Most people rightfully worry about the environmental impact of activities such as mining, road construction and off-road vehicle use on natural areas. And most people agree that there are certain parcels of land that are both majestic and pristine, and should be protected as such. However, that does not mean that Utah needs more land designated as "wilderness."

In fact, the BLM has over a dozen different designations for use of public land. Even without designating land as wilderness, the professional land managers have the authority to apply as much protection as a parcel of land might need. Therefore, wilderness designation should be used cautiously; especially considering the impact such designation has on economic development and recreational access for all Utahns.

► ***"I'm a sportsman concerned about our rights and issues facing us. Jon Huntsman, Jr. understands, appreciates and will fight for the fishing and hunting industry. Jon has my vote!"***

► ***Mike Keim
Wildlife and Range
Management Specialist***

10. FIGHT TO PROTECT ACCESS TO PUBLIC LANDS FOR RECREATION

Each year, more than 3 million people visit the marinas of Lake Powell. Each spring, more than 100,000 RVs make a pilgrimage to Utah's Little Sahara Desert. The same can be said of Moab each Easter for mountain biking and the Jeep safari. Like other lakes and rivers, majestic alpine mountains and rugged desert canyons across Utah, the crown jewels of our great state offer rest, relaxation and recreation for all Utah citizens.

While some lands have appropriately been designated as Wilderness Areas, where only the solitude of nature is allowed, I believe that the majority of our public lands should be managed in a way that balances protection with access. Fundamentally, public lands belong to all the public. As Governor, I will fight to protect access to public lands for recreation. Such a policy is good for the rural gateway communities, good for the recreation industry (which adds significantly to the state economy), and good for our families who grow up loving and respecting the great outdoors.

11. RS 2477 – PROTECT RIGHT-OF-WAY CLAIMS ON FEDERAL LANDS

My effort to protect access will include protecting the Memorandum of Understanding between Utah and the Department of the Interior to process rights-of-way claims on federal lands in the state of Utah. As Governor, I will work closely with our congressional delegation to protect these fundamental rights from being infringed upon by extreme groups.

12. PUSH FOR FULL PAYMENT OF PILT (PAYMENTS IN LIEU OF TAXES)

Payments in Lieu of Taxes (PILT) were authorized by Congress in recognition that counties and other local government entities with substantial acreage of federal land could not collect sufficient taxes to provide needed services. Without these payments, residents of PILT states like Utah are penalized for living in areas with lands under federal ownership. In FY 2003, \$361 million was authorized but only \$220 million was appropriated. The Department of Interior's FY 2004 budget includes a request of only \$200 million, \$170 million less than was authorized. When federal government owns more than 60 percent of the land in Utah, it is crucial the Congress appropriate full funding of PILT. As Governor, I will work aggressively with our congressional delegation to ensure the federal government deal honestly and fairly with the state of Utah.



KEY #10: MAKE STATE GOVERNMENT MORE EFFICIENT

Issues and Analysis:

Our nation and our state are experiencing some of the most difficult times in history. In response to these pressures, organizations in the private sector are looking deep within themselves and cutting costs wherever possible. In many cases this is not about making more money, but simply surviving. Our state government cannot, and should not, be immune from this type of commitment

Proposed Solutions:

As Governor, I will work with the Legislature and other key departments to identify savings and efficiency in our state government. Furthermore, wherever my economic development initiatives call for additional positions or incentives, we will find the funds to enact these programs from within our existing budget. We must learn to do more with less.

We should operate our state as we do business. We must live within our means, serve the customer (the taxpayer), work to cut costs, become more efficient and recognize that good government means limited government. We must operate within the guidelines of the Constitution.

1. INITIATE SUNSET PROVISIONS IN NEW STATE LEGISLATIVE ACTIONS

Ineffective laws and legislative actions should not be allowed to live on perpetually. I will support time limits and expiration dates on new laws. If the law is not effective it will terminate without further legislative action.

2. INITIATE BIENNIAL LEGISLATIVE SESSIONS

I am initiating a change from the every-year general legislative sessions to one general legislative session every two years. In the year between the general, legislative sessions will be a 20 day session limited to state budget concerns. I would also propose convening the legislative sessions outside of Salt Lake City during the reconstruction of the Utah State Capitol.

3. CREATE GROWTH BOUNDARIES THAT ARE TIED TO GROSS STATE OUTPUT AND POPULATION TRENDS

4. IMPLEMENT “BEST PRACTICES” FROM THROUGHOUT THE COUNTRY AND DEMAND PERFORMANCE ACCOUNTABILITY

► *“Jon’s combination of talent, leadership and experience will serve the people of Utah well. I have worked with him first hand for years and I can’t say enough good things about him. He’s smart, trustworthy and talented. As Governor, Jon Huntsman, Jr. can walk into any board room in the country and be the best advocate for our state. Jon will have an impact on Utah, and the way the rest of the world perceives Utah, starting on day one.”*

► *Jake Garn,
Former U.S. Senator*

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